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THE AMERICAN ENTERPRISE

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A National Magazine of Politics, Business, and Culture

Clinton and the Militias

David Kopel
Ben Stein

SOCIALISM: DEAD OR ALIVE?

Farm Bill Socialism

Enviro-Socialism

Industrial Policy Follies

In the budget
At our national labs
In Japan

Income-Based Affirmative Action?

Roadmap to Tax Reform

Bruce Bartlett
Grover Norquist
Hall and Rabushka
Frank Luntz and others

FEATURING

Marvin Olasky, Ben Stein, John Judis, David Horowitz, John O'Sullivan, Eric Breindel, Arnold Beichman, Mark Falcoff, Vaclav Klaus, Richard Grenier

Volume 6, Number 4
July/August 1995

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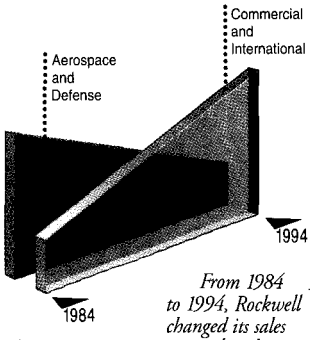

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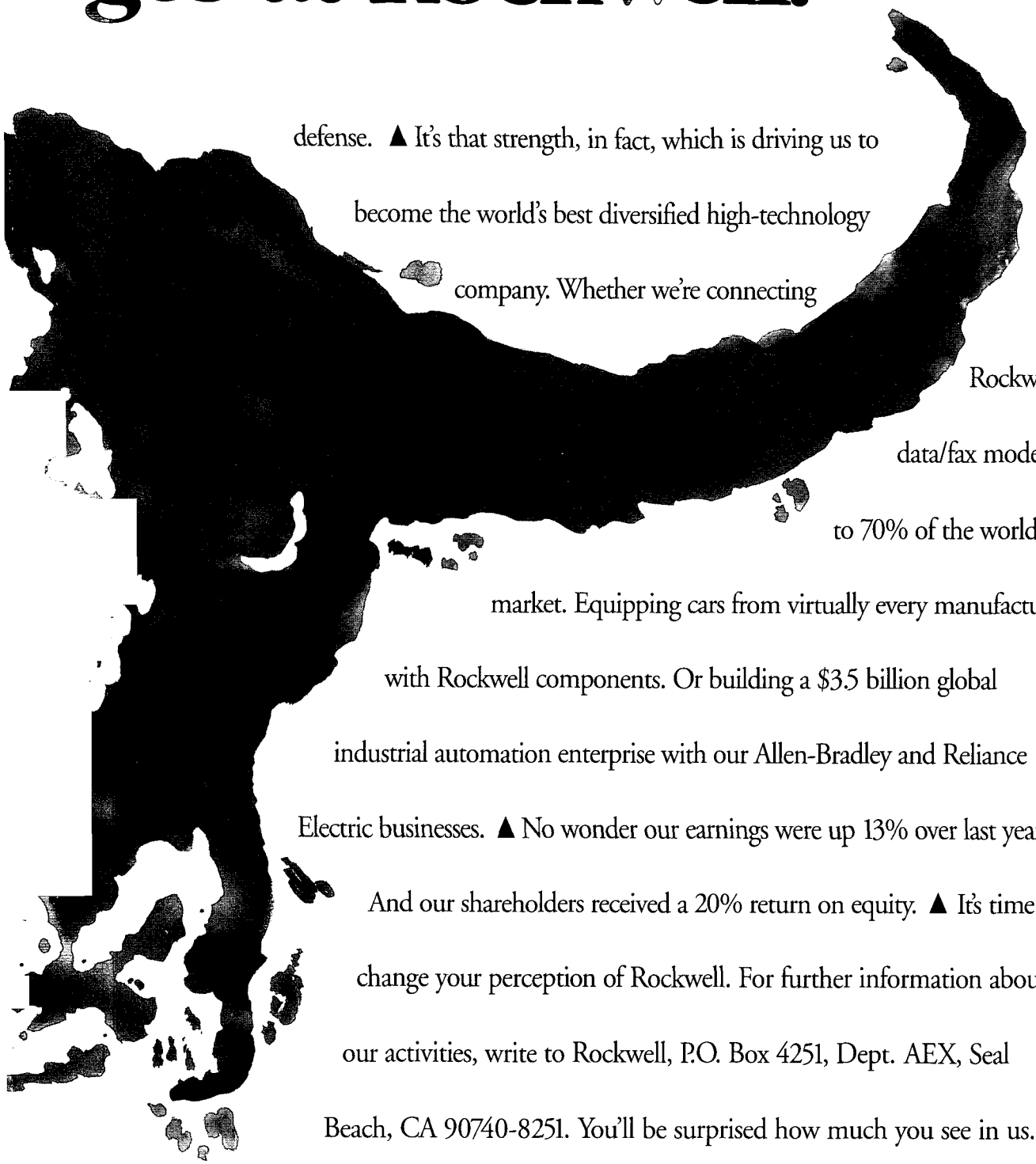

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THE AMERICAN ENTERPRISE

A NATIONAL MAGAZINE OF POLITICS, BUSINESS, AND CULTURE

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Cover illustration City Building *from* America Today, *1930 by Thomas Hart Benton, 1889–1975. Distemper and egg tempera on gessoed linen with oil glaze. 92 x 117". Collection, The Equitable Life Assurance Society of the United States. Photo 1988 by Dorothy Zeidman.*

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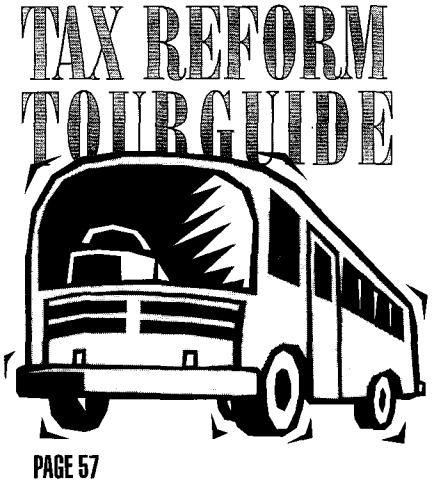

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Bird's Eye

KARL ZINSMEISTER

The Fearsome Master

WERE WE DIRECTED FROM WASHINGTON WHEN TO SOW, AND WHEN TO REAP, WE SHOULD SOON WANT BREAD. —*Thomas Jefferson*

I'm sure some readers, upon seeing this issue of *The American Enterprise,* will ask themselves, "Socialism? Isn't that a dead topic?" Well... Have you ever heard of people losing use of their land because of some environmental control?...Are there farmers in your area receiving crop subsidies?...Do you know anyone who surrenders 50 percent of his income to taxes?...Do your children seem to be getting heavy doses of multicultural ideology at school these days? If so, then you've seen the 1990s face of socialism.

Socialism—the demand for equal outcomes, engineered by political elites enforcing strict rules—has taken on many new forms in recent decades. But one consistent marker is always present: an emphasis on government control. Equally consistent are socialism's eventual effects: arrogant bosses, frustrated citizens, and a backlash against state domination. Which is where our socialism theme links in interesting ways to current political sentiments—please read on.

The fall of the Berlin Wall and the discrediting of Marxism that followed obviously took a lot of the thrill out of being a socialist, and for some years to come people with newly opened eyes will be throwing bits of socialist furniture overboard. Just this April, Britain's Labour Party finally scrapped its longstanding commitment to the nationalization of British industry, substituting instead a statement paying homage to "the enterprise of the market and the rigor of competition." In another little sign, Washington State recently dumped its "universal coverage" health care plan that forced people to accept standardized, centrally managed medicine (as President Clinton's proposal would have—the Washington State proposal was known as "Hillary Lite"). These are signs of healthy resistance to socialist nostrums.

On the other hand, are you aware that of the Eastern European nations who dumped communism five years ago, all but three (Albania, Slovenia, and the Czech Republic) have voted their former Communist managers back into power after growing weary of the disciplined independence that non-socialist rule demands of individuals? Likewise, the great wave of economic liberalization that was supposed to surge through Japan when that nation's electorate threw out the Liberal Democratic Party and its "corporate socialism" in 1993 has so far proved to be little more than a damp ripple.

And here in the land of Jefferson, plenty of destructive socialist practices persist. On pages 42–52 we outline the socialist origins of America's multi-billion dollar farm programs and describe some of the ways they damage our agricultural sector. Socialism's controlling impulse is very strong in the current environmental movement, as our "Enviro-socialism" feature and the brief item in SCAN on Gareth Porter and Alexander Cockburn indicate. The Clinton administration's attempts to establish a national "industrial policy" have given Japanese-style central planning a toehold in Washington (see our "Business Welfare" feature, the ECONOMIST, and SCAN). And of course progressive taxation (which geometrically increases the tax payments owed by each higher income group, a socialist dream ever since it was proposed in *The Communist Manifesto)* has been clung to in this country even when other forms of taxation would raise equivalent amounts of money in fairer and more efficient ways. (With the arrival of serious flat tax proposals, however, this could change in the next year or two—see our definitive guide to tax reform starting on page 57.)

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Finally, the socialist impulse has survived by taking on new, non-economic forms. As the participants in our Roundtable suggest (pp. 28–35), much of the energy and activism, and many of the same people, that used to go into economic socialism are now channeled into movements that seek to "free the oppressed" in areas such as race, ethnicity, age, sexual activity, disability (broadly defined to include people like drug addicts), even body weight. Thus our current bloom of causes like multiculturalism, gay liberation, feminism, literary "deconstructionism," even an "animal rights" movement that liberates beetles, minnows, and owls into equal status with humans. *National Review* editor John O'Sullivan has usefully defined socialism as "an attempt to construct an egalitarian society by state action." And that is exactly what all of these new "cultural" radicalisms do.

IF WE WANT TO REDUCE THE NUMBER OF AMERICANS WHO ARE FRIGHTENED OF THE FEDERAL GOVERNMENT, THE FEDERAL GOVERNMENT MUST STOP FRIGHTENING SO MANY.

GOVERNMENT IS A DANGEROUS SERVANT AND A FEARSOME MASTER.
— *George Washington*

In the essay where O'Sullivan provides his definition of socialism, he goes on to point out that the use of state power to enforce egalitarian goals "will inevitably set government on a collision course with large numbers of its citizens whose individual ambitions do not coincide with official aims." And the more thoroughgoing the egalitarianism, the harsher the state controls must be.

Linger on O'Sullivan's image of a collision course—of a state in such dogged pursuit of ideological ends that it comes into serious conflict with its own cussedly independent citizens in the process. Is that at all familiar?

One side effect of the awful events at Oklahoma City has been to make the national establishment in this country realize that a large portion of the populace feels seriously threatened by their own government. Last year, 73 percent of all Americans were telling Luntz Research pollsters they thought the federal government had "too much power." Sixty-nine percent were complaining to Times Mirror investigators that "government controls too much of our daily lives." But many in power just shrugged off such findings: "People don't really mean it." "Not in a literal sense." "Just a political mood."

Then came the stunning polls of late April and early May (see INDICATORS). Even while the U.S. president and many in the media were linking any criticism of the government with support for the villains who carried out the evil crime in Oklahoma, up to half of all Americans continued to say they felt threatened by their federal establishment. A disturbing result.

And not one confined to angry white males. Survey research finds that women and Democrats are every bit as fearful today of government as men and Republicans. Liberal political activist Carol Moore, author of a book on Waco, recently pointed out to *USA Today* that "the whole idea of tanks smashing into a home is a traumatizing experience for everyone. Nothing like that has happened in the history of the country, and they could get away with it."

Even as members of the nation's leadership class have finally become aware of how estranged millions of citizens are from their rulers, many still can't fathom why. "To my amazement, there are voices that claim repression by government, and fear of government," exclaimed FBI director Louis Freeh in a commencement address on May 13.

It isn't just the fatal excesses of Mr. Freeh's own bureau that the amazed ones can't see. They're even more likely to overlook the pervasive little day-to-day tyrannies committed by government agencies like the EPA, the EEOC, OSHA, the "wetlands" guardians at the Army Corp of Engineers, various "fair housing" authorities, the IRS, Child Protective Services, state and county "Human Rights" commissions, local building and zoning authorities, and others who wield increasingly intrusive police powers against the public. As a service to director Freeh and other Washingtonians who don't have a clue as to what's irritating so many Americans today, here are some random snapshots that may provide a hint.

HE HAS ERECTED A MULTITUDE OF NEW OFFICES, AND SENT HITHER SWARMS OF OFFICERS TO HARASS OUR PEOPLE, AND EAT OUT THEIR SUBSTANCE. — *The Declaration of Independence*

• "Our membership has become very anti-government in recent years," says Drew Hiatt of the National Business Owners Association. "There are over 132,000 pages of government regulations on the books," he points out. "How is a small business owner with two or three employees supposed to keep up with all that?"

• Cliff Gardener, who has battled a mushrooming list of environmental restrictions on his Nevada ranch over the last two decades, tells an interviewer from the *Washington Times* that his animosity toward the government grows out of bureaucratic red tape strangling his way of life, not the Waco or Ruby Ridge assaults. Nonetheless, he can place himself in the position of Randy Weaver: "They destroyed his family just the same as they're destroying our livelihood," said Mr. Gardener, his voice rising. "That's the kind of government action we're seeing these days."

• Tom Baker was a construction contractor in the mid-1980s and claimed a $300 tax deduction for a truck cap he bought to protect his tools. That started a battle with the IRS that led to years of fighting, a seizure order on his vehicle, and garnishment of his wages. He went bankrupt. "It totally ruined me," he told *USA Today.*

• Forty million Americans will clash with the IRS this year.

• The Tax Foundation calculates that the average American worker must now toil until May 5 just to pay off his taxes. Only after then is he working for himself and his family.

• Writer Virginia Postrel quotes a California plumber describing the change he has witnessed in regulators' attitudes. "It's not enough with OSHA that you have a safety program. It's not enough that you're trying. Now they're increasingly looking not just to get the bad guys, but to scare the [expletive] out of everybody."

• In his inaugural press conference, the Clinton-appointed

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chairman of the Equal Employment Opportunity Commission observed that businessmen are frightened when they get a call from the IRS or EPA. "By the end of my term, I hope people worry when they get a call from the EEOC."

• There are currently 22,000 gun laws in America. They haven't prevented criminals from having easy access to weapons, but they have made it impossible for many shopkeepers and homeowners to defend themselves from violent predations, loss of liberty and property, and even death.

• There are today whole new categories of crimes that didn't used to exist. Floridians Ocie and Carey Mills recently spent close to two years each in prison for filling in swampy areas on their own land with clean sand. John Pozsgai of Pennsylvania got a three-year prison sentence and $202,000 fine for placing clean fill on land across the street from his truck repair business. Remember the New Jersey man who had to face a judge last year after killing an alley rat in his own back yard? Remember the brother landlords hauled into court after explaining they preferred not to rent their apartment to an unmarried couple?

• Whole new agencies are getting into the order-giving business. Once sleepy organizations like the Forest Service and the Bureau of Land Management can now seize the use of land and close down businesses and towns. The U.S. Fish and Wildlife Service recently caused 1,500 angry citizens to turn out for a hearing in the tiny town of Llano, Texas (they were protesting a plan to declare large swatches of central Texas as critical habitat for the golden-cheeked warbler). That is a serious warning of public discontent.

• And not an isolated one. What moved 1,000 people in the quiet little town of Meadville, Pennsylvania to attend a meeting in February 1995 with speakers from the Michigan Militia?

• Restaurant owner Sarah McCarthy of Pittsburgh has described to *TAE* how a collapsed romance between a waitress and a bartender at a popular local business led to a "sexual harassment" complaint that bankrupted the owner and closed the facility, despite testimony from other female employees that it was "the best place they had ever worked." McCarthy remarks, "I'm a businesswoman living in urban Pittsburgh, married to a college professor, and when I hear someone say today that they are 'afraid of a government out of control' I have no trouble whatever in identifying with them."

One need not be an investigative journalist to collect incidents like the above. Most Americans have by now had personal experience with the stress, frustration, and heavy financial costs that intrusive government can inflict. Rigid tailpipe testing on the family car. Harsh tax audits. Exhausting building permit ordeals before you're allowed to put a bathroom on your own house. False child abuse charges in divorce cases. Small businesses closed down for lack of some foolish bureaucratic permit. Government liens placed on your property for consulting as an architect, looking after a neighbor's child, or otherwise conducting business at home. These are not figments of paranoid imagination. They are real occurrences—within my own daily experience and that of most readers.

My best friend from high school, a kind, principled man who is the fifth generation to run his family business, was recently forced to pay a large five-figure blackmail bribe to a disgruntled woman who had filed a discrimination complaint with the state Human Rights commission after a male employee with a much better record and more education was given a promotion she coveted. Given the "guilty until proven innocent" rules under which these Human Rights commissions have been set up by government, defending oneself against a witchhunt can be extraordinarily expensive and traumatizing. "I had literally an 18-inch pile of paper on my desk, and the demands were never-ending," says my friend. He gave up when his case stretched into its *seventh* year and well over the $25,000 mark in legal costs. Just to get the woman out of his business (where, protected by her pending case before the government, she had all the while been poisoning morale with vicious workplace complaints), he told his lawyer to make the settlement payoff.

Another friend, who is a college professor, got into considerable trouble with the authorities and had a beloved foster son taken away when he and his wife didn't let the child go to summer camp after he binged away the money the family had required him to save for that purpose. A third family I know are Mennonites who adopted two street orphans from Guatemala and ended up in grave legal trouble with the state of New York after trying to discipline one when he became violent as a teenager. The incident and its aftermath eventually led to jail terms for three extended family members, including the adoptive mother of the children. These are humble, enormously decent dairy farmers who tithe, do missionary work, and live quiet, thoughtful lives.

For those American leaders genuinely concerned that millions of citizens now express dread for their state apparatus, I can do no better than to invoke the message of David Kopel's feature article later in these pages: If we want to reduce the number of Americans who are frightened of the federal government, the federal government must stop frightening so many.

About Thomas Hart Benton

Four works by the great American painter and muralist Thomas Hart Benton provide the visual signature for this issue of *The American Enterprise.* In the first decades of his life, Benton painted highly abstract modernist pieces, was teacher to Jackson Pollock, and voted Communist. He counted among his close friends Boardman Robinson, who traveled with John Reed in Russia, and Bob Minor, founder of the American Communist Party. In the mid 1920s, when Benton was in his mid-30s, he plunged into a series of long back-to-the-roots rambles across the United States, and emerged with an idealized but realistic painting style that celebrated everyday Americans. At the same time, he abandoned socialist politics and began to criticize his old leftist comrades for "twisting reality for the sake of their beliefs." By the middle of the 1930s he was equating socialism with fascism, because both encourage "the primitive leader principle" and ignore democratic rule of law. From his own experience he dismissed followers of Karl Marx as "dogmatic, self-righteous, and humorless"—and determined to force art and thought "into the stereotypes of propagandist pattern." In 1935 Benton left New York City, his home of more than 20 years, describing it as "a highly provincial place" whose artistic and intellectual life had become dominated by political extremists, the querulous, and homosexuals. He lived the rest of his days in the Middle West, painting monumental works with an especial interest in American folk life and biblical themes.

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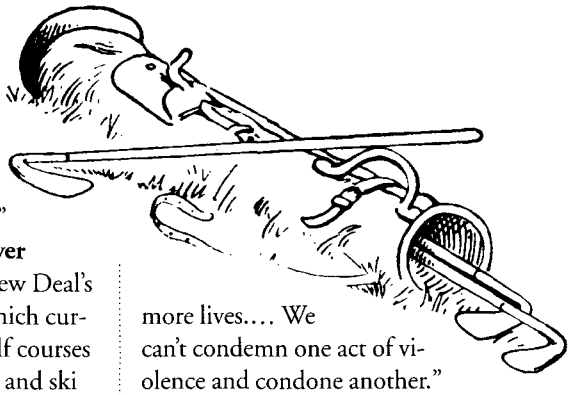
Sidelights



Spotted in Fort Lauderdale, Florida: a beggar whose sign read, "Hell, why lie? I need a beer!" ❧ Convicted tax cheat **Richard M. Hersch** loves the Earned Income Tax Credit (EITC). He told the Senate it should stand for Easy Income for Tax Cheats. · · · Taxing Differences: In 1903, the IRS's 400 employees collected $230 million; today the IRS's 114,000 employees collect about $1.2 trillion. ❧ In an "affectionate critique" of his hosts at the Newspaper Association of America, House Speaker **Newt Gingrich** had blunt words to describe newspaper editors: "They are socialists. Oh, they may not technically believe in government ownership, they just believe in government control." ❧ **Timothy McVeigh**'s friend **James Nichols** complained to his state representative that he was entitled to more than the $36,522 in farm subsidies that he'd received in recent years. ❧ During Congress's first 100 days, the network evening news ran a combined total of 34 stories supporting government spending while each network aired only one story on the need to downsize government, the Media Research Center reports. ❧ **Bob Dole** and **Bill Clinton** both used to attend Foundry Methodist Church in Washington, but Dole moved on after the Rev. **J. Philip Wogaman** arrived. The new pastor has drawn fire for past statements that praised socialism's "modest but real economic success" in China and Cuba. ❧ '60s Radicals and Their Children: **Tupac Shakur**—gangster rapper and multiple offender currently serving 4-½ years for sexual assault—is the son of a proud former Black Panther mother. "I'm happy they're expressing their anger," she says of her son and his colleagues. · · · The Borough of Manhattan Community College had planned to name scholarships in honor of **Assata Shakur**, a Black Panther convicted of killing a police officer, and Vietnamese Communist leader **Ho Chi Minh**, but after press criticism the college changed its mind. ❧ As "corporate welfare" comes under attack, author **Grover Norquist** draws a bead on the New Deal's rural electrification programs, which currently subsidize electricity for golf courses at Hilton Head, South Carolina, and ski resorts in Aspen and Vail.

Rep. **Sam Brownback** (R-Kan.) on the difference between conservatives and liberals: "Do you agree with **Sonny**—or **Cher**?" ❧ Sen. **John Ashcroft** (R-Mo.) has introduced legislation that would send welfare funding and responsibility to the local level, where private organizations can best help the needy. Under his plan, the most successful private charities would not have to "expunge their crucial spiritual elements." That way, "government shekels would not become government shackles." · · · Inspired by welfare analyst **Marvin Olasky**, the Ashcroft reforms also feature substantial tax credits for volunteer work with the poor, because "money alone" is not enough to help the needy. · · · New York insurance broker **Johnson & Higgins** celebrated its 150th anniversary by closing all 120 offices around the world so employees and their children could perform over 50,000 man-hours of volunteer work. ❧ Sweden's Parliament plans large spending cuts and social-welfare reform in this year's budget, as well as reductions in the value-added tax on food from 21 to 12 percent. ❧ Actor **Jack Nicholson** told *Cigar Aficionado* magazine he opposes abortion because his young, unmarried mother—who to her death he believed was his sister—might have aborted him if it had been legal. "I think it would be comically incorrect for someone in my position to be for abortion," he said. · · · Attacking hate speech, President Clinton declared, "We need not abuse our freedom so cavalierly. We need not snuff out more lives.... We can't condemn one act of violence and condone another." His audience was EMILY's List, a pro-abortion PAC. ❧ Though pundits and pols regularly invoke poll numbers to prove what's "politically impossible," about half the public admitted to pollsters that they'd never heard of the Republicans' Contract with America just as the House of Representatives held final votes on it. · · · Only about one in four Americans rates **FDR** one of our greatest presidents, a Harris poll reports. ❧ A *Los Angeles Times* article on summer camp advises L.A. kids not to pack X-rated magazines, pagers, cellular phones, or $500 spending money.

Even though pro scouts say he'd go in the third round of the NFL draft, BYU's 330-pound offensive tackle **Eli Herring** says he won't turn pro after college because playing on Sundays would violate the Sabbath. He'll teach high school math instead. ❧ Leaving his Washington, D.C. home in a camouflage uniform, an Air Force reservist was asked by a perturbed neighbor, "Are you in a militia?" · · · Last year, servicemen at the 29 Palms Marine Corps base were given a "Combat Arms Survey" that asked whether they "would fire upon U.S. citizens who refuse or resist confiscation of firearms banned by the U.S. government." ❧ **Chris Gross**, a 26-year-old financial analyst in California, plans to put up over one-year's salary to start a college scholarship fund for children who lost a parent in the Oklahoma City bombing. His employer, Applied Materials, is matching his $54,000 donation.

—SW

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SCAN

HORROR STORIES

The two most prestigious awards in children's literature, as most parents know, are the Newberry Award (for children's stories), and the Caldecott Medal (for picture books). This year's Newberry winner, *Walk Two Moons*, is the tale of two 13-year-old girls whose mothers disappear. One never returns home. The other comes back with a son the family never knew about before. The latest Caldecott book, meanwhile, is called *Smoky Night*. It's about "a night of urban rioting from a child's perspective." We kid you not.

OPERATION TIME WARNER

America is being dangerously corroded by the harsh language and incitements to violence that fill the air these days.

No, we're not talking about Mark from Michigan yammering away to a few thousand on shortwave radio. We're referring to vile music peddled like candy to kids all across the country by irresponsible companies like Time Warner. (And by the way, this music is as likely to show up in your son's suburban bedroom as in an inner-city ghetto. These albums are marketed in the millions.)

We sincerely apologize for subjecting you to the filth that follows. But we don't want to be accused of exaggerating this problem, and the only way to understand its severity is to see the evidence for yourself. Americans need to appreciate that when complaints get registered these days about "awful music," it means something much worse than Elvis shaking his hips. It means this:

> We travel in packs and we do it from the back, how else can you get to the booty? We do it doggy style—all the while we do it doggy style. He f**ked the fleas off the bitch; she shakes the ticks off his d**k, and in her booty he buries his muthaf**kin' bone.
>
> —Snoop Doggy Dogg

> I am a big man (yes I am). And I have a big gun. Got me a big old d**k and I, I like to have fun. Held against your forehead, I'll make you suck it. Maybe I'll put a hole in your head. You know, just for the f**k of it.
>
> —Nine Inch Nails

> Her body's beautiful, so I'm thinkin' rape—shouldn't had her curtains open, see that's her fate. Leavin' out her house, grabbed the bitch by her mouth, drug her back in, slam her down on the couch. Whipped out my knife, said "If you scream I'm cuttin'," open her legs and commence the f***in'. She begged in a low voice, "Please don't kill me." I slit her throat and watched her shake like on TV.
>
> —Geto Boys

Recently, William Bennett, the former education secretary and drug czar, and C. DeLores Tucker, chair of the National Political Congress of Black Women, decided they had had enough of this evil dreck and decided to take their complaint to the source: Time Warner, the company that produces and markets the lion's share of such material. All of the above "artists," plus other misogynists, racists, and advocates of cop killing like Tupac Shakur, Dr. Dre, and 2 Live Crew, are part of the Time Warner stable (in this case *stable* is exactly the right word). The rapper Ice-T of "Cop Killer" fame was also a Time Warner product, passionately defended by chairman Gerald Levin himself.

And these are not creators whose works are solely of the imagination. Snoop Doggy Dogg is about to stand trial for murder. Tupac Shakur is currently serving a four-and-a-half year prison term for a New York sexual assault ("a brutal act of violence against a helpless woman," summarized Judge Daniel Fitzpatrick at the sentencing). Shakur was previously charged with shooting two off-duty cops in Atlanta, and another weapons charge is pending against him in Los Angeles. Dr. Dre was recently sentenced to five months in prison following an assault. His partner Marion "Suge" Knight has pleaded guilty to two counts of assault with a deadly weapon. Their label, Death Row Records, part of the Time Warner family, is currently under fire for a party in which a guest was stomped to death. This is the Manson family of pop culture, and Time Warner is buying the groceries. "They lead the industry for the number of their people indicted for felonies," comments Bill Bennett.

Ms. Tucker organized a public protest at Time Warner's annual shareholders' meeting on May 18. She and Bennett also filmed a brief television ad under the auspices of Empower America to bring the issue to the attention of the public. Here is its verbatim content:

> **Tucker:** I'm C. DeLores Tucker, Chair of the National Political Congress of Black Women.
> **Bennett:** I'm Bill Bennett, co-director of Empower America.
> **Tucker:** I'm a liberal Democrat.
> **Bennett:** And I'm a conservative Republican. But we're both worried about the society our children live in today.
> **Tucker:** And about what some companies sell as entertainment for our children.
> **Bennett:** Now, Time Warner has made

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many positive contributions to American entertainment.

Tucker: But Time Warner's music division promotes music that celebrates the rape, torture, and murder of women. The lyrics are vulgar, offensive and do terrible harm to our children.

Bennett: Isn't anybody at Time Warner embarrassed by these lyrics? Will the executives there stand up and say these things in public? We're not talking about censorship; we're talking about citizenship.

Tucker: It's time parents make their concerns known. If Time Warner doesn't see the light, parents, you ought to make them feel the heat.

Bennett: For more information, call today and find out what you can do.

[1-800-332-2000 appears on screen.]

Next, something interesting happened: hardly a station was willing to take Bennett and Tucker's money and run the ad. CNN turned it down, as did the Fox network, as did local stations WCBS, WNBC, and WPIX in New York, and KTLA in Los Angeles. And can you guess their explanation for refusing to run this spot? They "found some of the language inappropriate."

So this is what the television news and entertainment industry has come to: a mild public service ad calling for an end to anti-social behavior gets turned down, while the anti-social behavior being criticized (which truly is "inappropriate") gets a free pass. The defining statements of both parties in this cultural battle are reproduced above. If you were running a television station or entertainment company today, which contribution would you reject as "inappropriate"?

In this rather simple struggle between the good and the grim sides of human nature, there is no question which side the angels are on. So why is Time Warner carrying water for the two-bit demons? And why are other media companies helping them get away with it? The Time Warner part is easy: TW chairman Gerald Levin, Warner Music head Michael Fuchs, and associates have found it very profitable to operate as the cultural equivalent of drug dealers. Music industry sources estimate that Warner Music is generating up to $30 million a year from its gangster rap record label alone, and millions more from equally destructive music produced by certain of its other, non-rap record labels. As for CNN and the other broadcasters who rebuffed the Bennett-Tucker coalition's David-like attempts to sling a few stones at the rampaging Goliath, keep in mind that Time Warner is the biggest supplier of entertainment in the United States—the kind of company a broadcaster wants to be as chummy as possible with. Note too that Time Warner owns 20 percent of CNN's parent, Turner Broadcasting, and that the cable system in New York City that blocked the ad is dominated by Time Warner, and that KTLA is a Warner Brothers-affiliated station.

This time, though, the TW serpent is up against one tough mongoose. At the stockholder's meeting, Tucker stood up, read lyrics from some Time Warner products marketed to youths, and asked Levin: "How long will Time Warner continue to put profit before principle?"

In a private meeting with TW executives after the shareholders' gathering, Tucker and Bennett pushed hard for more corporate responsibility from the firm. According to our sources, Tucker asked the executives if they would please read aloud the lyrics to some of the music under discussion. None would. So Bennett aide Pete Wehner read the full text of the Nine Inch Nails song "Big Man With A Gun," partly extracted above, and asked the four top officials of the corporation if they found the lyrics vulgar, offensive, or likely to do damage to children. Their answer: "That's a tough one." They later expanded that "Art is hard to interpret," and "No, these lyrics are not necessarily bad for children to listen to." Bill Bennett's responses during the course of the meeting: "This is not hard or complicated. You know damn well that this is trash and garbage." "You don't need to produce this horrible and contemptible stuff. Why sell it?" And, "Are you folks morally disabled?"

Chairman Levin, who argued during the meeting that "we care deeply about children," finally walked out, complaining that he wouldn't listen to further criticism of his company. In his public statements these days he insists that "Time Warner is an upstanding corporate citizen." His critics beg to differ. "Nothing," Bennett comments, "seems to prevent Time Warner from going all the way to the bottom."

The print media has been much less craven about taking Time Warner on. *U.S. News* columnist John Leo in particular has blasted the company for being the nation's "leading cultural polluter." At press time, Bennett and Tucker were planning to take Operation Time Warner one step further: more ads, more information, more public pressure on Time Warner overseers, possibly including the corporation's board of directors. Stay tuned.

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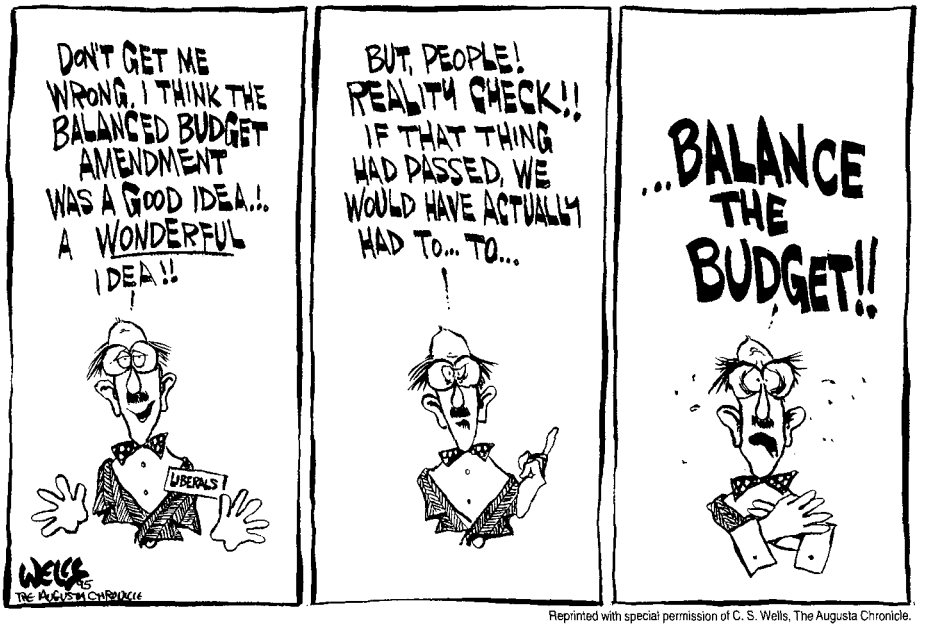

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DON'T BE A MEDIA VICTIM

When *Inside Edition* reporter Steve Wilson started hounding ABC News star Sam Donaldson for an interview about his business dealings (as Donaldson has hounded others), Mr. D. refused, because he was certain he'd be portrayed as "this rich reporter...when people are starving in Appalachia and kids aren't getting enough milk. I mean, I know how to do the story."

THE JAPANESE JUGGER-NOT

Recall that favorite alarm of right-wing and left-wing Japanophobes a few years back: "The Japanese are buying up our country!" Well, we're kind of wishing that they'd bought a little more.

American asset holders were made very rich when Japanese investors first grossly overpaid for a few trophy skyscrapers and Southern California golf courses and then defaulted or resold for millions less after realizing they'd overpaid. Merrill Lynch recently estimated that losses on Japan's overseas investments since 1980 total around $400 billion. So much for the 10-feet-tall managers with the long-term profit horizon.

It wasn't just Japan's Donald Trumps who lost their shirts but also many of the nation's soberest and savviest corporations. Mitsubishi Estate Co.—which some American protectionists wanted to block from paying $1.4 billion for Rockefeller Center a few years ago, saying it amounted to giving away the family jewels—announced in May that the deal had bankrupted the company.

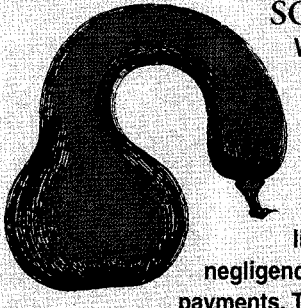
Likewise, Sony recently admitted on its balance sheet that it made a $3.2 billion mistake when it acquired Columbia Pictures for $5 billion in 1989. And in April, Matsushita Electric, parent of Panasonic and other brands, acknowledged that it made a similar multi-billion dollar miscalculation in buying MCA. Eighty percent of what Matsushita bought just five years earlier was sold off.

Meanwhile, back in Japan, Ford Motor Co. has taken over day-to-day management of Mazda, Japan's $17-billion-a-year automaker. "I wanted Ford, which is profitable...to come and teach Mazda," explained Sotoo Tatsumi, the Sumitomo Bank chairman who, as Mazda's biggest creditor, called in the Yanks. James Womack, a leading international consultant on the auto industry describes the turn of events as "a major event in world economic history: a major U.S. company taking over a major Japanese company."

Other Japanese firms very recently characterized as juggernauts are similarly finding themselves hard-pressed in the 1990s. Japan's "Big Four" stock brokerages reported combined losses on their portfolios of nearly $1 billion for the fiscal year ending March 31, 1995, a period in which the Nikkei average, following on previous years of decline, tumbled a further 16 percent.

Japan's stock woes meant that her banks also got hammered. Fourteen of the nation's top lenders reported securities devaluation losses totaling nearly $9 billion for the fiscal year ending March 31. This follows earlier bank problems associated with Japan's catastrophic real estate collapse at the end of the 1980s.

Lest you think we are anecdoting you to death, allow us to lay down a few macro figures confirming that Japanese businessmen do not walk on water: in its most recent quarter, the Japanese economy contracted at a nearly 1 percent annual rate, and over the last four years it has essentially not grown at all. (U.S. gross domestic product was up 10 percent



SQUASHING FARM FRAUD

When farmers in Mitchell County, Georgia, suddenly claimed they planted nearly as much squash as the entire state of Florida (the nation's leading squash producer), the Department of Agriculture should've guessed something was up. Hitherto not a squash standout, Mitchell County apparently fell prey to farm fraud, where farmers lie about acreage planted, or simply farm with purposeful negligence, so that crop "failures" will yield federal crop disaster payments. The Senate Agriculture Committee estimates that tens of millions of dollars of fraudulent payments are made each year, helped along by a farm program that lets local farmers adjudicate the claims in their own communities. In Mitchell County, Crawford Smith served on the local farmers' committee overseeing aid and collected $17,000 for his own disastrous squash. According to the *Wall Street Journal*, he "blames the government for making disaster aid too tempting."

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during the same period.) Japanese industrial production in 1994 was 6 percent below that of 1990. (U.S. industrial production, by comparison, was up 15 percent.) And figures released a couple months ago showed that the total number of vehicles Japan exported to the United States fell by more than half from 1986 to 1994.

Over the past eight years, Japan has also had close to zero improvement in its aggregate productivity (the ultimate source of economic progress). And a recent White House review of 27 "critical" technologies found that Japan didn't lead a single one. The United States led in 21.

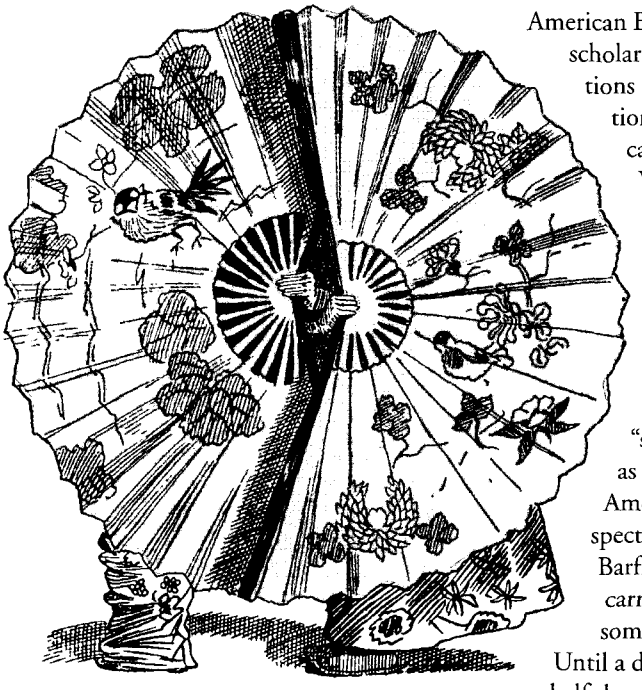
The point of all this is not to gloat or berate. The cautionary here is simply that even the imposing Japanese are subject to economic gravity.

If you think this obvious, you are unnaturally sensible—and out of touch with a pernicious strain of "Japan as juggernaut" thinking that is still very influential in Washington and other parts of America. The new book by industrial-policy advocate Chalmers Johnson, for instance, proves he has learned nothing from recent history. He still insists Japan has a centrally guided economy that is ruthlessly ascending, while the United States is fated to ruinous decline and "lost economic influence" unless it is willing to "copy and match" Japan's industrial-policy targeters.

For a more popularly written bit of proof that the Japan-as-Number-One crowd understand nothing about economic developments during the 1990s, look up Eamonn Fingleton's hilariously inaccurate article, "Fine, Thank You," in the October 1993 *Atlantic Monthly*—lots of assurances that Japan's banks were then growing rapidly, and so on.

For more on this subject, see our ECONOMIST department in this issue.

FIGHT FAIR WITH THE JAPANESE



American Enterprise Institute scholar Claude Barfield cautions the Clinton administration to pick its arguments carefully in the coming World Trade Organization complaint against Japanese auto manufacturers. The complaint identifies the tight integration of car builders and parts makers in Japan and the "single-brand" dealership as two unfair barriers to American parts and cars respectively. The problem is, Barfield points out, U.S. carmakers have committed some of the same sins. Until a decade ago, more than half the parts in a typical U.S.-built car came from a company-owned supplier. And in Europe, GM, Ford, and Chrysler support a retail structure similar to the Japanese single-brand dealerships. "Questions of industrial organization and rules of competition are complex," Barfield warns, "and a rush to brand as 'unfair' a nation's industrial practices is fraught with difficulty."

WELFARE THAT WORKS

The Acton Institute of Grand Rapids, Michigan, recently sponsored an interesting conference on the essential social work done by private American charities. Kim Dennis of the Philanthropy Roundtable began by reporting that in 1993 Americans donated $126 billion to charitable causes, while 89 million persons spent at least four hours a week volunteering.

Many of America's philanthropies are taken for granted. Take the Shriners: since 1922, this fez-wearing fraternity has quietly run one of America's biggest charities, with a $4.3 billion endowment and a $415 million annual budget. Over 156,000 children suffering from birth defects or severe burns are helped each year by treatment at the Shriners' 19 hospitals and three burn centers.

Low-income children receive free treatment at the Shriners' hospitals even while the Shriners refuse to take government aid or private insurance payments. The reason, Shriners Hospitals executive vice president Gene Bracewell told the conference, is that "if you accept their money, they'll tell you how to do it," and the Shriners want to provide the best care possible without hindrance from bureaucrats or green-eyeshade types.

UTTERLY HOLLOW

"A junior [Democratic] member of Congress returned last Friday night from the two-day retreat of House Democrats.... He declared that the Democratic conference had been such a waste of time that an instant historical comparison flashed before his eyes: the last days of the Soviet Communist Party. 'On the surface, the Communist Party looked pretty much the way it always had. The apparatus was there, the hierarchy, the organization. But all of a sudden the party was gone—just like that. I get the same feelings about the Democratic Party today.' "

—Robert D. Novak, syndicated column, May 11, 1995

"To what can the condition of liberalism in the United States today be compared? ...with all necessary distinctions duly registered: to the condition of communism in the Soviet Union about 15 years ago.... In the old Soviet Union, communism was utterly dominant and, it soon turned out, utterly hollow."

—William Kristol, speaking at the American Enterprise Institute, May 7, 1993

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Another unsung charitable resource in this country is the Church of Jesus Christ of Latter-day Saints, better known as the Mormons. In 1936, reacting to the New Deal, Mormon president Heber W. Grant declared that the church should create its own welfare system to ensure that "in our sect idleness would be done away with, [along with] the evilness of a dole."

Ever since then, explained Ralph Hardy, president of the Washington, D.C.-area church, Mormons have striven to help their brethren who are in trouble. Each regional unit of the church has a warehouse where Mormons who have lost their jobs can get supplies, as well as a farm that grows food for stake members who need it. The Mormons also have extensive programs to help unemployed members find work. The result: in 1994, the Mormons provided $24 million in humanitarian assistance and $73 million in goods and services to 700,000 church members and helped 35,000 unemployed Mormons find jobs. To help pay for this assistance, Mormons fast for two meals on the first Sunday of every month and donate the money they would have spent on food to the church's welfare program.

Mayor Stephen Goldsmith of Indianapolis told the conference he endorses decentralization and privatization of governmental welfare services. His goal, he said, was to "deliver city services through local organizations." As part of this effort, contracts to run four of the city's parks have been awarded to black churches located near the parks on the belief that they would have more of an incentive to keep their neighborhood parks clean than would remote bureaucracies.

Other participants contrasted government welfare unfavorably with private charity. Bob Cote, a former alcoholic vagrant who helps to reclaim the homeless in Denver, Colorado, declared sternly that "the Social Security Administration is the biggest killer in America," because its Supplemental Security Income program, designed to help the disabled, pays money to thousands of substance-abusers who use it to drink and drug themselves to death.

Steve Mariotti, president of the National Foundation for Teaching Entrepreneurship to Handicapped and Disabled Youth, told how little good he'd done as a Special Education teacher in Bedford-Stuyvesant's public schools. Now he helps the poor start their own businesses, which he thinks vastly more valuable than all the public schools and social programs of the inner city put together. As evidence, he brought with him an amazing 14-year-old black T-shirt entrepreneur, JaBari Bishop, who described his business with enthusiasm. But Mariotti added that taxes and governmental regulations create formidable obstacles for struggling entrepreneurs.

In his luncheon address, House Speaker Newt Gingrich summed up the conference by drawing a sharp line between the good works of private charities and failed statist approaches to aid. "The question for the poverty debate," Gingrich suggested, is "if we are spiritual beings." If so, "that changes and increases our responsibilities—'I gave at the office with the IRS' is not enough." The key to helping the needy, he concluded, is to treat them "as creatures of God," not turn them over to the ministrations of the "secular welfare state."

INTERNATIONAL WELFARE

While the debate over domestic welfare reform continues, critics of transnational welfare continue to attack the status quo. AEI visiting scholar Nicholas Eberstadt notes that "the economic success of such countries as Taiwan and South Korea was marked by the *termination* of their 'development assistance' programs. Unending state-to-state transfers of concessional aid will not solve the problems of the world's poor. To the contrary, as we are learning in sub-Saharan Africa and elsewhere, unconditional funding for irresponsible regimes can lead to economic ruin and national impoverishment."

Eberstadt's view of government-to-government income redistribution was seconded by Peter F. Schaefer, a senior official with the U.S. Agency for International Development from 1988 to 1991. Schaefer writes that "our foreign aid failure is, at its most fundamental level, an unwillingness to understand development itself. This blindness is born in part of a liberal disdain for those who grub for profits (and create jobs) in poor lands and is then nurtured by an ultimately silly set of notions about development, which posit that it is everything—literacy, health care, balanced diets, a good ecology—except what it really is: an income rising steadily above subsistence. In other words, development is a job, a chance to create and expand wealth, and the right to hold property. The rest of the agenda will come when people have disposable income and either buy it or get it from a government funded by their own tax dollars, not ours."

U.S. MARXISM EXPORTED TO HUNGARY

Talk about shipping coal to Newcastle. American academics are trying to sell interest-group socialism to Eastern Europeans.

On May 17, the *Budapest Sun* reported that "The political correctness movement has spilled over from the United States into Hungary's premier American studies program.... Joseph Slowinski, visiting American professor...encourages Hungarian students to learn about gender issues and the dominance of 'dead white males' throughout history. 'Political correctness is a sort of social Marxism, nothing short of a revolution,' he declared approvingly during a conference on American English at Eötvös Loránd University last week. 'The objective is to illuminate the importance and achievements of women and minorities.... We need to take the status quo of white male dominance and turn it upside down.' "

Joe Slow, however, may have picked the wrong place to launch his crusade. The Budapest newspaper report continued: "It's left most students baffled. 'I don't really see what it means,' said Tibor Fáringer. 'As far as I'm concerned, if you don't like what you hear when somebody's talking, you can leave.' ...Hungarians who lived through Soviet dominance see shades of Orwell. 'As a Central European, I'm always reminded of the thought police,' said Enikó Bollobás, a [Loránd University] American studies professor. That's why political correctness sounds scary to me.' "

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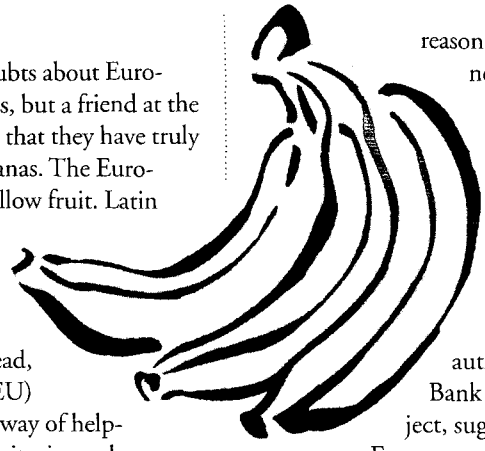
GONE BANANAS

We've long had our doubts about European Union bureaucrats, but a friend at the World Bank points out that they have truly gone bananas over bananas. The Europeans eat a lot of the yellow fruit. Latin American growers are by far the most efficient and lowest-cost producers. But the two don't get together. Instead, the European Union (EU) protects its market as a way of helping a clutch of small territories and former colonies.



Like a lot of excuses for protectionism, this sounds OK at first. Bananas grown by the protected suppliers aren't quite up to Latin American quality. And certainly they cost more. It's expensive to grow bananas in most of these places. But bananas can't be all that important in the family budget. And look at the benefits for such struggling economies as the Canary Islands, Somalia, Martinique, and the Windward Islands. Unfortunately, to provide one dollar in aid, European housewives spend the equivalent of seven. Most of that goes into the pockets of European importers and wholesalers. Untroubled by competition, they siphon off three to four dollars for every one that gets back to the islands.

As part of its unification process, the EU had a chance to fix things a couple years back. While a half-dozen of its members had programs that favored the small banana producers, others had only mild tariffs. And Germany permitted a mostly free market. Not surprisingly, German families paid less and ate more. But the bureaucrats, who never saw a free market they liked, cobbled together the worst parts of the protectionist schemes and applied them to everybody. So, European bananas cost at least twice what they would in a free market. And Europeans consumers spent some $2.3 billion on poor quality fruit to provide about $300 million in aid.

The greatest victims are the supposed beneficiaries. To receive aid, they have to grow bananas. The Windwards, for example, now depend almost completely on the fruit for export earnings. But few growers in the protected territories and countries have the soil or climate to compete in the open market. Those that do never had any reason to keep up with new techniques and technology. So the producing countries are stuck with land, labor, and capital tied up in inefficient farming.

Brent Borrell, author of a World Bank report on this subject, suggests that if the Europeans are willing to spend so much to give so little help to so few, they ought to be happy to slice their banana bill, to separate fruit from aid, and to come up with cheaper programs that will break, not foster dependence. If that's not digestible, he says, the islands and small countries should be allowed to fill their sales quotas any way they please. They would quickly figure out that they could buy Latin American bananas at world prices, sell them in Europe at a profit, and use the spread to get farmers out of the yellow fruit business.

Meanwhile, the globe's large growers get more efficient, world market prices drop, and a group of small countries continues to be helped into greater and greater dependency.

*—**Philip Siekman**, a former member of* Fortune *magazine's Board of Editors, has managed public and private companies.*

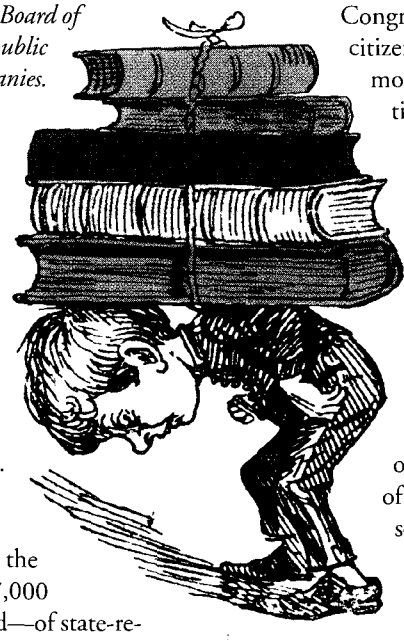
DEATH OF A SCHOOL

In our March/April issue, local school board president Blake Hurst described how heavy state mandates were endangering the Westboro Missouri school district's very existence. (The school board's copy machine was an early victim; it gave up the ghost after emitting 57,000 pages—1,500 per child—of state-required regulations.) Then in our May/June issue Hurst explained how the Kansas City, Missouri school system—run as a personal fiefdom by federal judge Russell Clark—was draining millions of dollars from state educational funds, leaving little for small rural school districts. We are sorry to announce that, caught in this governmental vise, the Westboro school district was forced to close down at the end of this school year.

HONG KONG ON THE POTOMAC

Washington, D.C., heretofore a poor step-sister relation to Sweden's welfare state, just might become a Hong Kong on the Potomac if reformers have their way. An unusual coalition that includes Jack Kemp, Mayor Marion Barry, and House Republicans is angling to turn the city into an "enterprise zone" where residents would be exempt from most federal taxes. In return, the city would forgo its annual subsidy from Congress of $660 million, and scrap its progressive personal income tax in favor of a 16 percent flat tax, with persons earning under $20,000 exempt.

Radical reform has appeal in a capital that has sunk so low it recently gained international fame when maintenance contractors, stiffed on overdue bills, refused to resupply toilet paper in the bathrooms of city buildings. The Kemp-originated idea is that instead of increasing government payments to the beleaguered city, Congress should simply let local citizens keep more of their own money—an anti-socialist solution if ever there were one.



WHERE HAVE ALL THE SOCIALISTS GONE?

One of the interesting questions following on the gradual discrediting and eventual fall of communism is what has happened to all of the West's old socialists. In later sections of our magazine we present some discussion on this subject, both autobiographical (see Marvin Olasky's article) and critical (see Roundtable). There seem to be as many escape routes for unrepentant but realistic socialists as there are radical causes, and as the

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bloom began to fade on the Marxist rose during the 1970s and 1980s, many a chameleon changed his hue.

Gareth Porter, for instance, was two decades ago known as a Vietnam radical and notorious denier of the Cambodian holocaust. The Khmer Rouge are the people's friends, he insisted. That particular argument eventually became untenable, of course, as history demonstrated that the Khmer Rouge were even more mass-murderously barbarous than the average Marxist in power. You'd think a misjudgment of this magnitude would put a damper on Gareth Porter's reputation as a seer and sage, but alas, it has not. Our Dialog Information Services search shows that he is still quoted in the *Washington Post* as an authority on the Vietnam War. And even more interesting is the fact that he has built for himself an entirely new portfolio as an environmentalist critic. Gareth Porter is today the director of the Environmental and Energy Study Institute in Washington, D.C. Marxist Alexander Cockburn has likewise transferred his socialist sympathies mainly to environmentalist causes over the last couple of years. Old capitalist antipathy in new bottles, it seems.

Another interesting case-history on the question of "where have all the Marxists gone?" is Martin Bernal. Mr. Bernal is the son of a famous British communist who was winner of the Lenin Prize in 1953 and a member of the U.S.S.R. Academy of Sciences from 1958 onward. Young Martin inherited his father's taste for left-wing politics, attended Berkeley in the mid-'60s, and spent the Vietnam war writing academic articles published by organizations like the Vietnam Solidarity Campaign.

Bernal wrote a book on Chinese anarchism published in 1975, and established himself as a leading admirer and defender of Mao in American academic circles, winning a professorship at Cornell University. Students in his classes in the mid-1970s report that he was even at that late date quite tolerant of the Cultural Revolution and its bloody aftermath. "There will be other Cultural Revolutions," he lectured, perhaps a bit expectantly.

But Mr. Bernal is nobody's fool, and apparently realizing sometime in the later 1970s that Maoism was not a horse he could ride triumphantly into the twenty-first century, he neatly segued over to a new and much more current cause—that of multiculturalism. By the early 1990s, this academic sinologist who had been hired to teach Chinese politics in Cornell's government department was pronouncing instead on the true nature of classical civilization. Specifically, his book *Black Athena* argued that the great Greco-Roman humanist tradition credited to dead white European males was actually not their handiwork at all, but rather something stolen from Africa. A much more contemporary form of subversion than Mao's guerrilla politics, we think you'll agree.

FURY ACROSS THE AGES

The arrest of an apparently demented psychopath for the horrific bombing of the federal building in Oklahoma City unleashed a propaganda barrage, on the airwaves and in print, against the wickedness of people who harbor "antigovernment" or, even more frightfully, "anarchist" views. Of course anarchism is deep in the American grain—or are Henry David Thoreau, Ernest Hemingway, Allen Ginsberg, and e.e. cummings not American?—and over-reactions to it are not new. After a nut named Leon Czolgosz shot and killed President McKinley in 1901 (with a little help from the incompetent Buffalo physician who treated him), the assassin asserted that a speech by anarchist firebrand Emma Goldman had made his "head nearly split with pain" so he just had to kill the president.

The resultant fury directed at innocent anarchists was every bit as mindless and vicious as anything Bill Clinton or the TV news has said about the Michigan Militia. A typical 1901 editorial on the anarchists—easily adapted to a 1995 item on what to do about those rural white guys in camouflage—thundered:

"The United States has been easy with them, has given them license of speech, liberty of organization, privilege of parade.... Its members must be dealt with as criminals, and should be put under the surveillance that attends criminals. Every man of them should be marked and followed by the oversight of the law, and be subject to arrest wherever found. There should be permitted no more publications of their evil teachings; there should be no more meetings allowed.... It might be well to consider whether the members of an anarchistic society should not be punished, on the proof of that fact, with imprisonment for life."

And now, from across the ages, comes the Clinton administration's "anti-terrorism" proposal....

AMERIKKKAN EDUCATION

In the upstate New York city of Ithaca, a "progressive" hotbed, a group of public school teachers recently dipped their pens into the poison ink of racial name-calling. Some minority teachers at a city school wrote a letter demeaning America and accusing their white colleagues on the teaching staff of being closet racists. The letter, which was read aloud to a daylong gathering of parents and teachers, opened, "As staff of Afrikan and Latino descent...we know racism and white supremacy are realities at Beverly J. Martin Elementary School, the Ithaca City School District, and in Amerikkka. Leave these lethal beliefs and actions in your communities."

Such a letter could be expected to cause turmoil under any circumstances. Given that the Martin school is a facility with an activist Latino principal and many left-wing white teachers, all serving under a black superintendent of schools, the assertion that the school was a stronghold of "white supremacy" left local white liberals reeling and bewildered.

Some parents complained about the attack to school board member Allen Lambert, and he expressed concern to the district administration, noting, "Here we have a few teachers (who consider themselves professionals) effectively calling their colleagues, including several Jewish ones, white supremacists, Ku Klux Klansmen (KKK) and Nazis....(Remember, the symbol 'k' as in Amerika and Afrika were explicitly used in the '60s and '70s to indicate Nazi-like attributes)." Lambert characterized the letter as "an undeserved diatribe."

The slurred staff at the Martin school, however, reacted more like good liberals. "As a result of the letter," the local paper reported, "a large group of white teachers met with a group facilitator and discussed their feelings openly."

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GOTTFRIED HABERLER, R.I.P.

In this issue devoted to the subject of socialism, it saddens us to report the recent death at age 94 of AEI scholar Gottfried Haberler, a founder of the so-called Austrian school of economics, which for 60 years stood as the main (and for a period, the sole) intellectual bulwark against the spread of socialist economics.

CLOSE THE GOVERNMENT STORES

What grocery chain operates 320 stores worldwide and has 21,000 employees on a government payroll? What retailer boasts annual sales of $5.5 billion with little or none of the profits going back into the local economy? If you guessed Safeway and Sears, or A&P and Wal-Mart, guess again. If you guessed the military base exchanges and commissaries found on nearly every U.S. base around the globe, you're right.

Commissaries are the military equivalent of a supermarket, and a base exchange (BX) is a J.C. Penney store in olive drab. Both feature discount prices, restrict their customers to current and former members of the armed services, and had their birth in the mid-nineteenth century, when soldiers stationed in remote locations throughout the country could not rely on the local economy for food and supplies. Today, however, they are niceties that neither the military nor the taxpayer can afford. An argument can certainly be made to retain facilities at bases in Greenland and other remote locations, but as those bases begin to close, the exceptions are becoming fewer and fewer.

The Defense Commissary Agency (DeCA) proudly boasts that the 5 percent surcharge tagged on to every commissary purchase allows commissaries to be built, supplied, and maintained at no cost to the taxpayer. What DeCA fails to highlight is the cost of paying its 21,000 employees—which approaches $500 million annually. Then there's the overhead required to maintain a huge bureaucracy with a headquarters, six distribution centers, and 320 stores worldwide. A profit-making institution it isn't.

The BX system, on the other hand, does turn an annual net profit (over $400 million in 1993). But instead of returning this sum to the U.S. Treasury, most of it is spent supporting Morale, Welfare, and Recreation services. Who can argue with that? No one, if the only place a serviceman could rent camping and sporting equipment, lift weights, or shoot basketball were on base. But local communities, particularly in urban areas, are already able to meet these demands. Moreover, BXes for the Army and Air Force alone comprise 11,950 rent-free facilities, with administrative and supervisory functions performed free of charge by military personnel—another luxury taxpayers shouldn't have to shoulder in an era of belt-tightening.

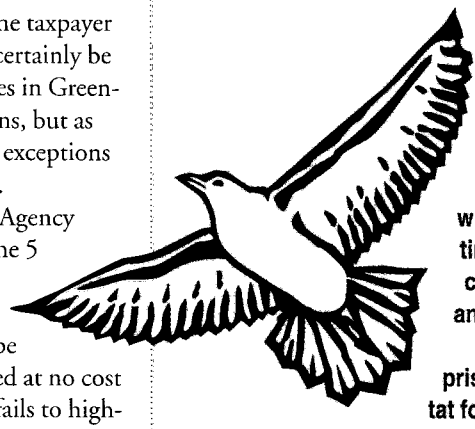
Take the Washington, D.C. area, for example, where nearly a dozen military bases each support a commissary and a BX. Not only do the various bases duplicate each others' facilities (the Army's Fort Myer and the Marines' Henderson Hall, for instance, are less than a mile apart), but they also duplicate the vast shopping opportunities of one of the nation's most affluent metropolitan areas. From Cartier and Tiffany's to Sears and Sam's Club, the uniformed men and women of Washington have dozens of malls, supermarkets, and discount chains to supply their every need, but you'd never know it to look at the row upon row of shelves on those bases.

It's time to shut down the commissaries and exchanges. A portion of the savings could be used to supplement the relatively meager subsistence pay of active-duty enlisted personnel, to whom the present facilities are near-and-dear perks (although in 19 years of service I've never heard anyone say his decision to join or stay was based on saving a few dollars at the commissary or BX).

Closing these stores would save hundreds of millions of defense dollars, cut thousands of non-combat military jobs, and give local economies a fiscal shot in the arm. Increased sales in local towns would yield more taxes in public coffers, as well as new jobs in the service and construction sectors.

Most importantly, in a time when federal budget deficits and declining military readiness are both grave concerns, the first things to go in military spending should be those that contribute the least to battle preparedness.

*—Major **Keith Hutcheson** has served in the Air Force for 19 years. His opinions are purely his own and are not to be construed as an endorsement by the Department of Defense or the Air Force.*



BORN FREE

At California's Calipatria State Prison, "the warden doesn't trust the human-error factor in the gun towers; he puts his faith, instead, in Southern California Edison," an official explained, referring to the 13-foot high electric fence that surrounds the prison with 15 sets of wires bristling with 5,000 volts of Parker Dam power—10 times the lethal dosage. The warden also thought he'd cut costs with the fence, "but we had neglected to factor the animal-rights people into the equation."

Mike Davis of *The Nation* describes the result: "The prison is just east of the Salton Sea—a major wintering habitat for waterfowl—and the gently purring high-voltage fence immediately became an erotic beacon to the passing birds. Local bird-watchers soon found out about the body count...and alerted the Audubon Society. By January of last year, the 'death fence' had become an international environmental scandal. After a CNN crew pulled into the prison parking lot, the Department of Corrections threw in the towel and hired an ornithologist.... The result is the world's only birdproof, ecologically sensitive death fence. [A prison official] has some difficulty maintaining a straight face as he points out $150,000 of innovations: 'a warning wire for curious rodents, anti-perching deflectors for wildfowl, and tiny passageways for burrowing owls.' Calipatria has also built an attractive pond for visiting geese and ducks."

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By Karl Zinsmeister

Indicators

DO AMERICANS REALLY FEAR THEIR GOVERNMENT?

The Oklahoma City bombing, which took place on April 19, unquestionably put a damper on public expressions of dissatisfaction with the federal government. *Washington Post*/ABC News polls show that the proportion of Americans stating they are unhappy with Washington fell 19 percentage points in the aftermath of the attack.

What's really remarkable, though, is that **even after this rallying-around-the-flag, the fraction of the population expressing frustration with the feds was still *half*** (the change in the *Post*/ABC poll was from 69 percent angry or dissatisfied in January to 50 percent in May). That is a vast amount of alienation.

A battery of polls taken while the horrendous news footage from Oklahoma was still rolling around the clock demonstrates that **a troublingly big chunk of the American people feel estranged and threatened by their national government:**

***Gallup* 4/23/95:** "Do you think the federal government has become so large and powerful that it poses an immediate threat to the rights and freedoms of ordinary citizens, or don't you think so?"
Yes, immediate threat: 39%

***Los Angeles Times* 4/26/95:** "These days, do you think the activities of the federal government pose a threat to the constitutional rights enjoyed by the average American, or not?"
Yes, pose a threat: 45%

***Los Angeles Times* 4/26/95:** "Generally speaking, would you say you are [angry or not angry] at the federal government these days?"
Angry: 47%

***Yankelovich* 4/27/95:** "Do you think the federal government has become so large and powerful that it poses a threat to the rights and freedoms of ordinary citizens, or don't you think so?"
Yes, a threat: 52%

***Washington Post* 5/18/95:** "Do you think the federal government threatens your own personal rights and freedoms, or not?"
Yes, threatens: 36%

These large totals (as well as detailed demographic breaks in the polling data) show that **fear of government is not confined to any narrow subset of the populace.** Contrary to media reports, women, minorities, liberals, and Democrats are as likely to be upset as conservative white men. All regions of the country, ages, and income groups are involved.

The backlash against overweening government is no fringe movement.

MANY FARMERS WANT SUBSIDY PHASEOUT

Even in the most heavily subsidized farm locales, a plurality of farmers want to end subsidies. A 1994 USDA survey of 9,754 farmers in states like Iowa, Idaho, and Kansas found that 41 percent want a phaseout of all farm supports, while 37 percent want present programs to continue. Fully 44 percent said they even want an end to government involvement in protecting farmers from major disasters.

Source: *"U.S. Farmers' Preferences for Agricultural and Food Policy After 1995,"* U.S. Department of Agriculture, November 1994.

THE COSTS OF FARM SUBSIDIES

Government farm subsidies, though showered on less than 1 percent of the population, **aren't cheap:**

	Payments to farmers (billions of 1994 $)	Acres of land idled (cumulative millions)
1970–1974	61	178
1975–1979	65	31
1980–1984	99	116
1985–1989	138	275
1990–1994	72	253
TOTAL 1970–1994	$435 billion	853

Source: U.S. Office of Management and Budget; Bruce Gardner, "Policy Alternatives for the 1995 Farm Bill," AEI conference paper.

Beyond the direct costs to government, farm programs can also raise consumer costs. The sugar program, dairy program, and peanut program, for instance, collectively **increase grocery bills by $2.7 billion a year.** There are also government costs other than the direct payments charted above—for instance, the **$12 billion in losses over the last six years at the Farmers Home Administration** (which doles out subsidized agricultural loans), and the **$700 million a year tax subsidy for ethanol,** a sop to corn farmers.

It's more than small beans.

FARM EXPORTS BOOM

U.S. farm exports are expected to increase 12 percent in the current year, to $49 billion. **The U.S. surplus in farm trade will be $20 billion.** This is the future of American farm production.

Top Export Markets for U.S. Farm Products, 1995

Japan	$9.6 billion
European Union-12	7.1
Canada	5.7
Mexico	3.6
South Korea	2.7
Taiwan	2.5
China	1.7
Hong Kong	1.5
Egypt	1.1
Brazil	0.6

Source: U.S. Department of Agriculture.

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WHY TAX REFORM?

The Chrysler Corporation now needs 65 full-time employees simply to file its taxes. Stacked on a desk, the company's annual return stands more than three feet high.

And it gets worse. Former IRS Commissioner Shirley Peterson reports that when she ran the agency, one corporation's 1992 tax return comprised 21,000 pages, filling 30 volumes. These are not unrepresentative horror stories—national estimates suggest that **Americans spend around $75 billion a year on paperwork, bookkeeping, and professional costs just to comply with tax laws,** and the tax figuring and fiddling industry gets larger every year.

There is nothing automatic about this—Congress and the tax bureaucrats have simply been making tax requirements more intrusive and complicated. From 1955 to 1975, they increased the number of words in the U.S. income tax code nearly four-fold. During 1975 to 1995 the word count doubled again. **If you plan to own a copy of your federal government's official tax laws and regulations you'd better have a lot of shelf space, because it now comprises 17,000 pages.**

Just over the past 10 years, some 2,000 provisions in the tax code have been amended, more than 100 new forms have been released, and the IRS has doubled its budget and added 20 percent more staff. It isn't just businesses that are suffering under this weight. Literally a majority of Americans are now driven to use a professional tax preparer—up from 41 percent as recently as 1981. Even still, **an incredible 33 million citizens were slapped with an IRS penalty notice last year.**

And today's code is apparently too complicated even for the revenuers, because fully 40 percent of the penalty money the IRS collects must eventually be returned to citizens who argue back. Likewise, about half of the 10 million correction notices the IRS sends out every year are "incorrect, unresponsive, unclear, or incomplete," according to the U.S. General Accounting Office.

All in all, a bureaucratic nightmare. And one that Americans increasingly lack patience for. According to an April 1995 *Wall Street Journal*/NBC News poll, **two-thirds of the public now views the current income-tax system as unfair. Fifty-one percent call for a "complete overhaul"**—up from 37 percent in July 1994.

CONTRACT WITH AMERICA TAX REFORMS

If all the tax reforms contained in the Contract With America are passed and signed into law by the president (they have so far cleared the House of Representatives), the result will be to save the average tax filer a total of $1,552 in taxes between 1995 and 2000.

Under the Contract reforms, every income group up to $75,000 would see their share of the total tax burden shrink. Individuals in the brackets above $75,000 would bear a slightly larger portion of the overall tax load, but *all* income groups would see reductions in their actual amounts paid.

The bulk of the Contract's tax relief—56 percent—comes as a result of the $500 per child tax credit. The benefits of the credit are distributed this way:

Projected Distribution of Benefits Among Families Claiming $500 Per Child Tax Credit

Income group	Average credit per filer in this income group	Cumulative credits channeled to this income group	Portion of all credits going to this group
$15–30,000	$896	$7.5 billion	29%
$30–50,000	937	9.1	35
$50–75,000	948	6.0	23
$75–100,000	924	1.9	7
$100–200,000	948	1.3	5
Over $200,000	97	0.0	0

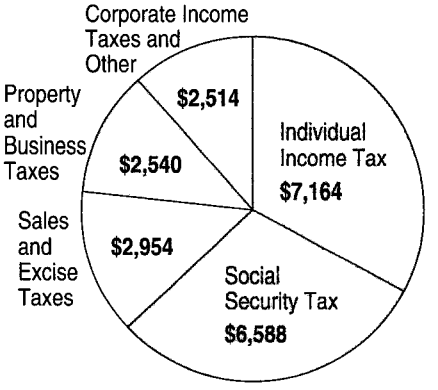
Source: U.S Joint Committee on Taxation; Tax Foundation. Estimates are for 1997, when reforms would take full effect.

TAXES 1995

Total U.S. tax collections are expected to amount to $2.18 trillion in 1995. That is 31 percent higher than in 1990, and represents an average of $21,760 for every household in the country.

Broken down by type of tax, that average household levy looks like this.

Taxes Paid Per Household, 1995



Source: Tax Foundation.

WHERE DO YOUR FEDERAL TAX DOLLARS GO?

	National Defense	Social Security	Medical Spending	Interest	Welfare	All other
1996	16¢	21¢	17¢	16¢	10¢	20¢
1986	26¢	18¢	11¢	12¢	8¢	24¢

Source: U.S. Office of Management and Budget. Years are fiscal years; 1996 is estimated.

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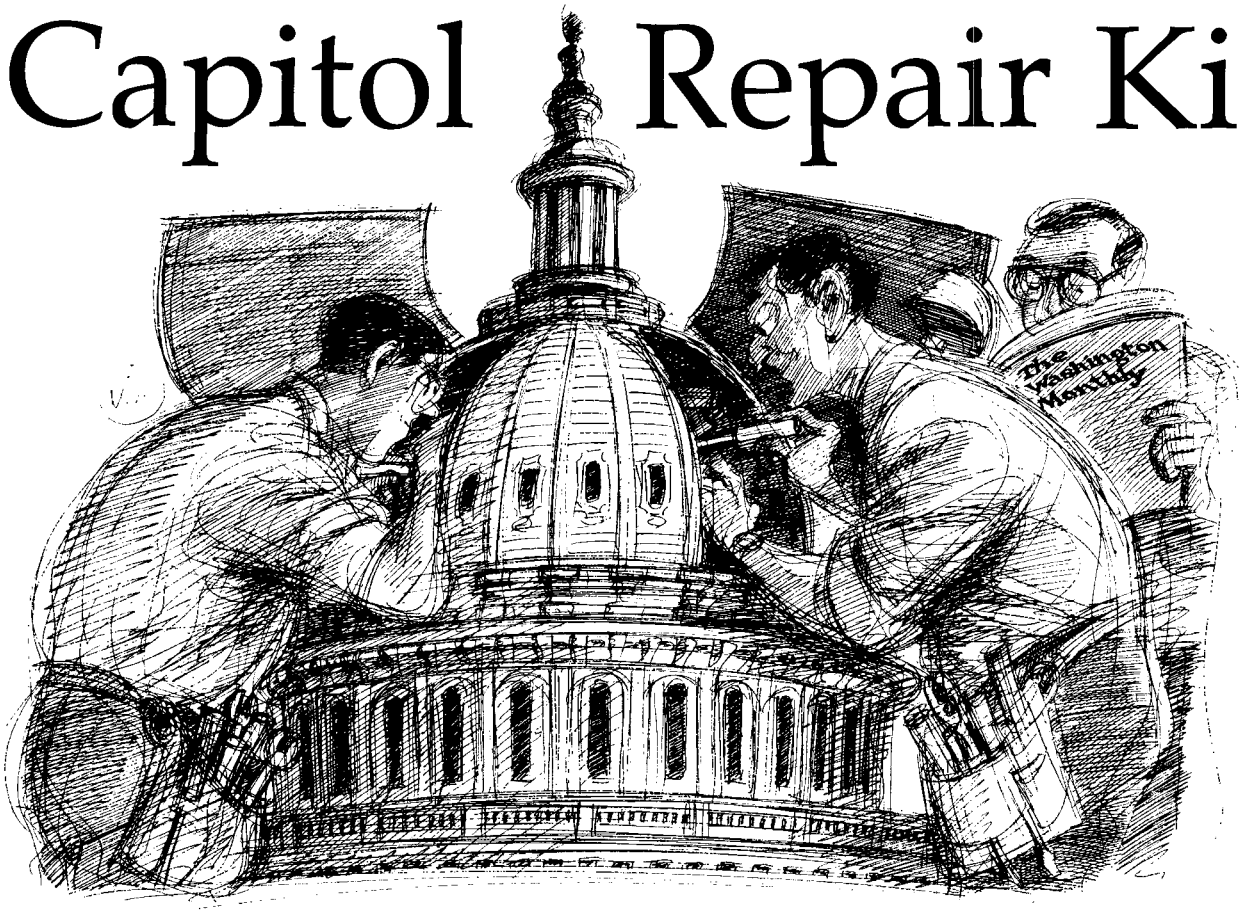
Capitol Repair Kit



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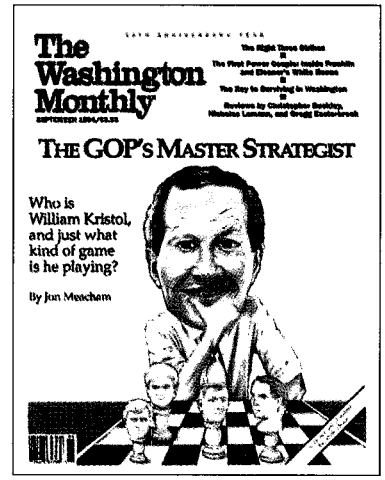

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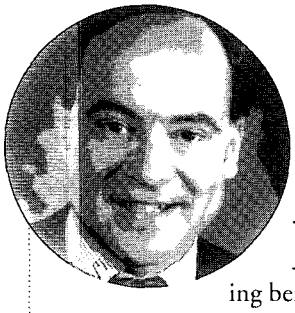
two Views

RACIAL AFFIRMATIVE ACTION IS ON THE WAY OUT.

SHOULD INCOME-BASED PREFERENCES REPLACE IT?



Clint Bolick and Abigail Thernstrom Have Two Views

Race-based affirmative action is "trickle-down" civil rights: bestowing benefits upon those with skills and resources in the hope it will eventually help those who lack them. The exposure of this fraud may soon send racial preferences the way of Jim Crow. But if that happens, a crucial question remains: how do we make good on our nation's promise of opportunity for millions who are outside the mainstream?

Some have proposed replacing race-based affirmative action with "socioeconomic affirmative action." That term has no ready definition, but conjures images of bureaucrats making untold mischief. Yet *any* special efforts for the disadvantaged are in a sense "affirmative action." So at the threshold, the debate is between doing something and doing nothing. And doing nothing is unacceptable.

In defining my proposed "something," I begin where Abigail Thernstrom begins: with the classic libertarian distaste for social engineering. Surrounded as we are by human carnage from failed government schemes such as welfare, forced busing, the public school monopoly, and oppressive economic regulations, it is always wise when formulating social policy to recognize that in principle the best thing government can do to solve problems is to return to individuals the power to control their own destinies.

But for better or worse, government intervention is not going to go away anytime soon. Whatever label we apply—"socioeconomic affirmative action" or plain old common sense—future government policies should (1) remove barriers to opportunity that particularly hamper the poor, and (2) carefully target supplemental benefits to where the need is greatest.

The Congressional Research Service recently identified 160 federal race-preference policies and programs. Many of the statutes confer benefits to individuals on the basis of their "social and economic disadvantage," but are implemented by preferences based on race (and often gender). If the race and gender preferences are removed, the underlying programs will remain unless some additional action is taken.

True, eliminating race and gender preferences will provoke a useful debate as to whether many programs for the disadvantaged are worthwhile at all. I would argue, for instance, that there is no justification for federal subsidies to small businesses. But if such aid continues, it makes sense to target it where the burden of starting small businesses is most onerous and the need greatest: the inner cities.

Perhaps it's a tribute to basic American decency that reluctance to simply abandon all affirmative action efforts seems widespread. And thus, with race-based preferences under attack, the search is on for an alternative—a means of providing a helping hand without resort to racial spoils.

Class, not race, is the most talked about option. It's an appealing but misguided idea.

The problem with the current system of preferences is not simply that race is (and should be) a dangerous and thus suspect classification—that racial categories are never truly benign. The entire process of sorting individuals into privileged and victim camps is wrong. It rests on a distorted picture of American society—one that sees not social fluidity but rigid castes. The most socially mobile society in the world is bizarrely portrayed as basically closed.

THE ENTIRE PROCESS OF SORTING INDIVIDUALS INTO PRIVILEGED AND VICTIM CAMPS IS WRONG. IT RESTS ON A DISTORTED PICTURE OF AMERICAN SOCIETY.

That sorting process would not end with class-based preferences. In fact, arguably it would get worse—exacerbating the already-serious problem of victim status creep. Once upon a time only blacks got special protection. Today, of course, Hispanics, Asians, women, the handicapped, and those with limited English proficiency, among others, qualify for a variety of protective programs. Those who argue for preferences targeted at the economically disadvantaged depict a slate wiped clean and a new start, on a revised basis. But much more likely is a greatly expanded list of those entitled to affirmative action status. Additions, not subtractions, so that blacks and members of other minority groups do not lose out.

That expanded list would delight those who want the benevolent hand of government to rearrange the social order. And it would certainly please the diversity industry. In the wake of the Supreme Court's 1989 *Croson* decision holding that minority set-asides could be justified only as a remedy for proven

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Enterprise zones are actually a form of inner-city "preference." They direct economic deregulation and tax relief to areas where business formation is especially stifled and needed. I would like the entire nation to be an enterprise zone, but if we have to start somewhere, inner cities seem the right place.

Socioeconomic factors also seem relevant to college admissions, scholarships, and perhaps even entry-level jobs; indeed, overcoming disadvantage is itself a qualification. A kid who somehow manages to be graduated from Washington, D.C.'s beleaguered Anacostia Senior High School with a 3.0 grade-point average probably has as much ability as a kid from the affluent suburbs with a 3.5 GPA. Does it make sense to give extra points to applicants on the basis of individual disadvantage, or to those who fit certain socioeconomic criteria, such as coming from single-parent families or impoverished backgrounds? In many cases, the answer is yes.

DOES IT MAKE SENSE TO GIVE EXTRA POINTS TO APPLICANTS FROM IMPOVERISHED BACKGROUNDS? IN MANY CASES, THE ANSWER IS YES.

Similarly, school vouchers, supported by most conservative critics of present-day affirmative action, are an excellent example of useful socioeconomic affirmative action. Clearly the government is not going to do any time soon what it ought to in the inner city—namely, get out of the education business altogether. So instead we should provide vouchers that allow low-income children to escape abysmal public schools. We cannot afford to consign millions of children to the dismal futures these schools are charting for them.

The sole existing publicly funded voucher program that offers an alternative is the Milwaukee Parental Choice Program. It confers upon a class of persons, defined by family income and inner-city residency, special benefits that are unavailable to others: the chance to use state education funds in private schools. The Wisconsin state auditor recently reported that 95 percent of the program's beneficiaries are black or Hispanic. Yet the program does not evoke hostility the way racial preferences do, precisely because the aid is targeted to those most in need.

I am glad that racial preferences in government programs appear to be on the way out. As the difficult battle over such preferences continues, we should certainly uphold the fundamental principle that new discrimination is *not* the proper response to old discrimination.

Yet how we deal with vastly unequal opportunities in our society is an urgent and inescapable problem. To adopt affirmative action language, what we need are new "goals and timetables"—the goal is empowerment, and the timetable is now.

Clint Bolick is litigation director at the Institute for Justice in Washington, and author of the forthcoming Quest: Restoring the American Civil Rights Vision *(Cato Institute).*

wrongs, numerous cities hired consultants to find the evidence of a racist past that was now required. With class-based preferences, a similar search would likely ensue. Job applicants, municipal contractors, and others seeking affirmative action status would employ professionals to spin amazing tales of crippling economic disadvantage.

The impact of such games on the social fabric might be profound. Today, the overwhelming majority of Americans think of themselves as middle class; political campaigns based on class warfare predictably crash. But preferential policies that reward low-income status would encourage citizens to shed their middle class "illusions" and adopt the language of oppression. The result would surely be a more polarized politics driven by a sense of grievance across the socioeconomic spectrum.

Who would qualify as "economically disadvantaged" in a class-based affirmative action system? That is, who would be viewed as out of the economic loop—injured by economic deprivation? The working class, not the middle class, might be one answer. But the real division in American society is between those who work and those who don't. If only the permanently unemployed were eligible, the program would be small and unpopular. If the pool were expanded to include, say, all manual workers, it would become not only unmanageably large, but too crude; the skilled auto worker earns more than the white-collar bank clerk. Income could be the test, but some people work two jobs while others are employed part-time; would we penalize the former and reward the latter?

Or perhaps it's not current income but family background that should count. If so, a handicapped mother, an alcoholic father, a depressed sister, and a drug-dealing brother would all be pluses, while a two-parent household would be a definite minus. The whole system would certainly make for colorful reading. Applicants to schools and candidates for jobs would be eagerly telling tales of the dreadful dysfunctional families whence they came—the 1992 Democratic National Convention writ large.

But precisely how many extra points would a history of family alcoholism be worth? Presumably, SAT scores would be normed for class status. To what degree? What about typing tests? And when a subcontractor, age 50, submitted in a bid to build guard rails on a Colorado highway, would the social status of his parents still be relevant?

Class-based affirmative action is one big, feel-good mess. And, as a consequence, its proponents tend to play familiar euphemism games. Just as race-based preferences are never called two-track "quotas," so my friend Clint Bolick tries to argue that a system that targets the economically disadvantaged is not what it seems. He simply wants, he says, to ensure economic "opportunity"—which, of course, is precisely the line of the race-conscious Left. I'm all for the school vouchers that Bolick advocates, but they're not the issue. Ask the real proponents of class-based preferences. Do they simply mean giving parents public money for parochial education? No way.

Abigail Thernstrom is a senior fellow at the Manhattan Institute, an adjunct professor at Boston University, and the author of Whose Votes Count?: Affirmative Action and Minority Voting Rights.

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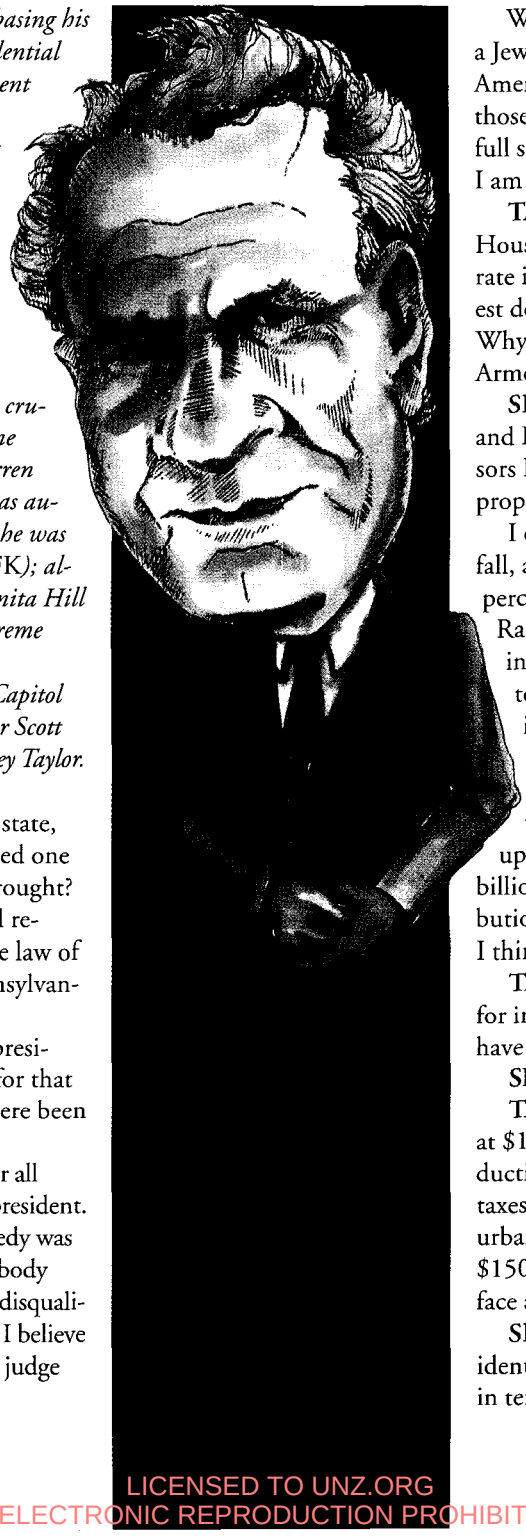
"Live" with TAE

DO WHAT USED TO BE CALLED "LIBERAL REPUBLICANS" HAVE A FUTURE? PRESIDENTIAL CANDIDATE ARLEN SPECTER, WHO PREFERS "ECONOMIC CONSERVATIVE/SOCIAL LIBERTARIAN" AS A LABEL, HOPES SO.

Arlen Specter



Senator Arlen Specter of Pennsylvania is basing his candidacy for the 1996 Republican presidential nomination on a pledge to "keep government out of our pocketbooks, off our backs, and out of our bedrooms"—and, centrally, out of the abortion equation.

These laissez-faire proclamations come from a man skilled in the forensic arts; Specter is invariably described as "aggressive" and "prosecutorial." This Kansas-born son of a Russian Jewish immigrant served eight years as district attorney of Philadelphia, though he is best known for crucial supporting roles in one tragedy and one soap opera. As assistant counsel to the Warren Commission, Specter was widely credited as author of the single-bullet theory (for which he was reviled, by name, in Oliver Stone's film JFK*); almost 30 years later, his interrogation of Anita Hill was critical to Senate approval of the Supreme Court nomination of Clarence Thomas.*

Senator Specter was interviewed at his Capitol Hill campaign headquarters by senior editor Scott Walter and Evans and Novak reporter Jeffrey Taylor.

TAE: Pennsylvania is a large, typical state, one of the oldest, yet it has only produced one president, James Buchanan. Why the drought?

SPECTER: Because no one has tried recently with enough intensity. I think the law of averages is with me. It is time for a Pennsylvanian on Pennsylvania Avenue.

TAE: You would be the first Jewish president. What do you suppose the reason for that is? Is America anti-Semitic or haven't there been the candidates?

SPECTER: I think there is a season for all things and this is the season for a Jewish president. It has been 35 years since President Kennedy was elected as the first Catholic president. Nobody says that General Colin Powell should be disqualified because he is African-American. And I believe that the American people are fair and will judge me on my individual merits.

When people ask me if America is ready for a Jewish president, I say yes. Then I add, if not, America should be. And if the answers to both those questions are no, damn the torpedoes, full speed ahead. It is time somebody tried and I am running.

TAE: Your flat tax proposal is very similar to House Majority Leader Armey's, except that the rate is higher and you keep the mortgage interest deduction and also the charitable deduction. Why is that a better approach than what Rep. Armey proposes?

SPECTER: Both Majority Leader Armey and I have followed the overall plan of Professors Hall and Rabushka from Stanford in proposing our versions of the flat tax.

I consulted with Congressman Armey last fall, as part of my study of the issue. I have a 20 percent flat tax, as opposed to the Hall-Rabushka 19 percent, because I believe that in order to get the tax enacted it is necessary to accommodate those two very strong items in the American psyche: home mortgage interest and charitable contributions. The Joint Tax Committee estimated that the cost of having a deduction on interest up to $100,000 in borrowing would be $35 billion a year, and the cost for charitable contributions up to $2,500 would be $13 billion, and I think that it will enable us to get it passed.

TAE: So it is a concession to political reality, for in a perfect system you might not want to have those complications?

SPECTER: I wish I could have said it that way.

TAE: Since the mortgage deduction cuts off at $100,000 and you wouldn't have any deductibility of state and local property or income taxes, isn't it conceivable that someone in suburban Philadelphia with a mortgage of $150,000 who might be middle-class would face a big tax increase?

SPECTER: I believe that the person you identify would prefer the benefits of the flat tax in terms of saving his or her time on filing the

Illustration by Lucinda S. Levine

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return, which could be done within 15 minutes on a postcard. And that person would like to see a stimulus to savings and would like to see the absence of taxation on capital gains and interest and dividends.

TAE: At the bottom end of the tax code, you get rid of the earned income tax credit, and while people would still be paying no tax, without the earned income credit mightn't that seem like a tax increase to them?

SPECTER: Well, I considered that, but I think the exemptions and the zero tax are a fairer approach. But I am prepared to listen.

TAE: As a senator from industrial Pennsylvania, you have been very sensitive to trade issues. What do you think of how the Clinton administration has handled trade?

SPECTER: I think they ought to be a lot tougher on our trading partners who do not practice reciprocity. Free trade means no subsidies, no dumping, open markets. I have sponsored legislation since coming to the Senate that would provide a private right of action for companies or individuals who are damaged by subsidies or dumping, because the International Trade Commission remedy is totally inadequate.

I believe if we got a lot tougher and insisted on reciprocity by closing off our markets, we could get reciprocity. An Arlen Specter presidency would be a lot tougher on that issue than Bill Clinton has been.

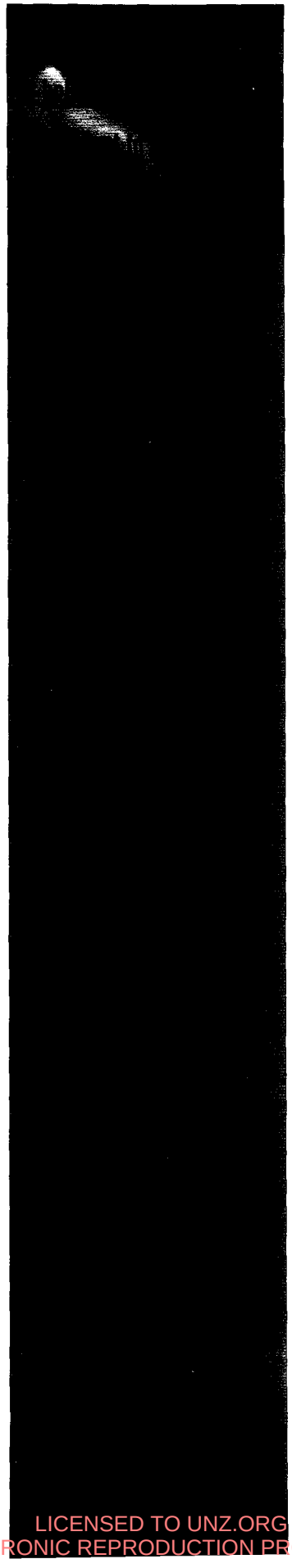
TAE: You have called yourself a Barry Goldwater Republican. He attacked the TVA and farm subsidies and other types of federal spending that have become almost sacred. Would you like to see those trimmed?

SPECTER: Yes. I voted last year in favor of the Domenici-Nunn alternative budget, which would have decreased the growth of Medicare and Medicaid. I think we have to deal with entitlements. I think Social Security legitimately is different, because it is a trust fund set up with contributions from employees and employers to pay for later benefits.

But aside from the trust fund concept, I believe that we have to tighten our belts, and I believe the American people are prepared to do that, providing it is fair.

TAE: You've thrown down the gauntlet in the campaign to what you called "the intolerant Right." Who in particular are the members of the intolerant Right, and in what particular ways are they intolerant?

SPECTER: I want to first say that I believe it is very important to have people active in public life with deep religious and moral convictions, and I am one of them. When you look at teenage pregnancy, or disintegration of the family, or the crime rate, there is no doubt about the need for people with deep religious and moral convictions.



I was very much offended by the Texas State Republican Convention in June of 1994, where they held up large signs saying, "A vote for our candidate is a vote for God." I believe that it is not religious or Christian or Judeo-Christian to bring God into campaigns or to be intolerant of the views of other people.

I am not looking for a pro-choice plank in the Republican platform. I believe that the platform should express our value for human life, but should also express our tolerance of other views.

I customarily do not refer to "the Right," because I am supportive of many of the interests championed by the Right, such as the line-item veto, balanced budget amendment, Reagan tax cuts, the death penalty, no gun control, and broad interpretation of the ABM Treaty. Instead, I refer to "the fringe."

When I identify the fringe, I am talking about maybe 5 percent of the population. When Pat Buchanan, with whom I have dealt eyeball-to-eyeball on this, says we are engaged in a holy war, I disagree. As for individuals on the fringe I would identify Pat Robertson, whom I have known since law school days at Yale. I disagree with him when he says that there is no constitutional doctrine of separation of church and state.

And I disagree categorically with Pat Robertson's spokesman, Ralph Reed, when he says that if you are a pro-choice Republican, you are disqualified from being a Republican nominee. What Ralph Reed is doing is disenfranchising and making second-class citizens out of 71 percent of the Republicans who the polls show believe in the woman's right to choose.

TAE: Obviously there is a struggle within the party over these questions. But the Republicans did exceedingly well in 1994 and about a third of the Republican voters identified themselves explicitly as religious conservatives. By raising the issues in the way that you do, do you risk losing these newfound electoral gains?

SPECTER: I believe that the strong Republican showing in 1994 resulted from a variety of factors, the most dominant of which was dissatisfaction with the Congress controlled by the Democrats and President Clinton.

I am trying to take the abortion issue out of politics. I am very much opposed to abortion, but I do not believe it is a matter for the gov-

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ernment. I think it is a matter for the woman, for the family, for priests, ministers, and rabbis. And I believe we have a unique opportunity to advance the cause of good government, if we can win the White House in 1996, and to do that we need to focus on core Republican values: smaller government, less spending, lower taxes, a strong national defense, and effective crime control.

I think the nomination of Dr. Foster is illustrative. If we seek to disqualify a man like Dr. Foster because he has performed abortions, a medical procedure permitted by the United States Constitution, we risk alienating many people, as I think we did with the convention in 1992 and with the anti-abortion plank.

It would be unfair to Dr. Foster if we ran him out of town on a rail for doing something that is legal. How are we going to get good people to come to Washington to take these tough jobs?

TAE: Some pro-lifers are calling for a compromise with their opponents, namely banning abortions in a few instances where the vast majority of the public does agree that abortion is wrong: for instance in the third trimester, for sex selection, that sort of thing. What would your reaction to that sort of compromise be?

SPECTER: I am personally opposed to abortion generally and I think that, even under the Supreme Court decisions, the state has the authority to limit it for the third trimester. I find abortion in many lines repugnant, including sex selection, but I think it is a matter for the woman's right to choose rather than the government.

TAE: You were critical to the success of Clarence Thomas's nomination to the Supreme Court, supported Antonin Scalia's confirmation, and were a key vote in the defeat of Robert Bork's nomination. Bork and Scalia, when they were both on the Court of Appeals, voted almost completely in tandem. And Scalia and Thomas now vote together most of the time on the Supreme Court. So it seems very unlikely that Judge Bork would have voted differently from Justices Thomas and Scalia on the court, and I'm curious why the elevation of the latter two could be acceptable to you while Judge Bork was not.

SPECTER: I thought that Judge Bork kept coming back to original intent, to a very restrained interpretation of the Constitution, and I was fearful of what he would do in combination with other potential vacancies.

You bring up Justice Scalia. I studied his record carefully, and he answered almost no questions in the course of his confirmation proceedings. From his written materials, I did not glean anywhere near Judge Bork's attitude on original intent.

I found no quarrel and raised none with the voting records of Judge Bork and Judge Scalia during the course of the hearings.

With Justice Thomas, I supported his nomination because I believed that he was qualified on the basis of his education, his professional background as a lawyer, and his work on the Circuit Court and as chairman of the Equal Employment Opportunity Commission. I thought it was a somewhat close question, candidly, and said so at the time. The controversial part of Justice Thomas arose with the issues raised by Professor Anita Hill, and there I thought the totality of the evidence favored Justice Thomas.

But I have not disagreed with nominees based on their judicial philosophy or the fact that they are pro-life, as Justice Scalia and Justice Rehnquist and Justice Kennedy were, or the fact that they are very conservative. I am very conservative on many issues myself. I think there is a very broad range of discretion for a judge to be confirmed, but I thought that Judge Bork just went too far, especially on original intent.

TAE: Should Congress hold hearings on Waco? And if so, why were so few Republicans calling for hearings in the immediate aftermath of Waco?

SPECTER: Congress should hold hearings on Waco; also on Ruby Ridge, Idaho. I don't think it is true that so few were calling for hearings. I called for hearings immediately afterward and was told that we ought to await the administration's own inquiry. That took months and months, and by the time that had been finished, we were on to many other matters. I have scheduled hearings on Waco and Rudy Ridge in the Terrorism Subcommittee of Judiciary, which I chair.

TAE: When we interviewed Phil Gramm for *The American Enterprise,* he said that the only federal police force needed was the FBI, and that it would probably be best to eliminate the Bureau of Alcohol, Tobacco and Firearms and some of the other police agencies of the federal government. Would you agree with that?

SPECTER: Well, I think there is something to be said for that in terms of a unified approach. Closing down the Drug Enforcement Agency and perhaps the BATF is worth further consideration. I raised the issue with John Deutch in his hearing to be director of the CIA as to whether

Congress should hold hearings on Waco; also on Ruby Ridge, Idaho. I have scheduled hearings on Waco and Rudy Ridge in the Terrorism Subcommittee of Judiciary, which I chair.

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we might not be better off with the FBI taking over the CIA's international role, as the FBI now is involved internationally in terrorism.

TAE: Howard Stern is talking you up on his radio show. What do you think of the FCC's fining of Stern and the stations that carry his show?

SPECTER: I found Mr. Stern to be very circumspect, at least on the day I was there, and I think that the FCC has not acted appropriately in failing to bring their conclusions to finality so that they can be tested in court.

TAE: When you were on his show, you said, in the context of the baseball strike, "What does the Senate do best? Nothing." Why is that?

SPECTER: Well, I don't want to take credit for that declaration, because it is due to my ex-colleague Senator Steve Symms of Idaho, who used to say "the country is temporarily safe" whenever the Senate was in recess. But seriously, the Congress did nothing on President Clinton's request for $40 billion in loan guarantees to Mexico because we wanted to ask some questions, and in the process we saved the citizenry some money. Of course, he then responded by giving them billions in indirect loans.

TAE: Senator, a lot of people think that by March we are going to have a Republican presidential nominee, because the primaries are front-loaded. Is there a particular region of the country you think will be particularly receptive to your message, or do you look for Republican primary voters in terms of their beliefs rather than their regional interests?

SPECTER: I believe I have an important message for Republican primary election voters on a variety of lines. On the economy, all the candidates are seeking about the same on the balanced budget and line-item veto. But the other side of the coin is economic development, and I think I am the only candidate who has come out for the flat tax, which is really pro-growth.

On the other biggest domestic issue, crime, I have special expertise as a result of my hands-on experience, having tried many rape cases, robbery and murder cases, and I have a plan to reduce violent crime very substantially in America, perhaps as much as 50 percent. And just as my idea for the flat tax is an innovative proposal, my ideas on bringing back the death penalty are unique.

My proposals to cut down death row appeal time from 20 years to 2 years will be very important for law enforcement, and I got it through the Senate in 1990. I think we can get it passed this year and challenge President Clinton on it.

I am trying to take the abortion issue out of politics. I am very much opposed to abortion, but I do not believe it is a matter for the government. I think it is a matter for the woman, for the family, for priests, ministers, and rabbis.

I also have some unique experience in foreign policy from my chairmanship on the Senate Intelligence Committee, both as to international terrorism and domestic terrorism.

TAE: Do you agree the fight for the nomination will be over that fast, though?

SPECTER: I think it is very hard to say. I may not have given you as direct an answer as you wanted on the last one, but I thought part of your question was "Why Arlen Specter?"

I believe it is a wide-open field. Certainly, Senator Dole has a commanding lead right now, but campaigns are full of unexpected events, and I think fund-raising has been overemphasized. I think ideas and intensity and energy are more important than fund-raising. I think there will be a lot of surprises. So it may not be over as fast as people think.

TAE: What are you reading these days?

SPECTER: I am reading *Role of a Lifetime,* by Lou Cannon. I still haven't finished Truman's biography by McCullough. I am reading Peggy Noonan's new book.

TAE: Who are your favorite Pennsylvania writers or artists?

SPECTER: I think I would choose the author of *Ten North Frederick,* John what's-his-name [O'Hara] from Pottsville. He wrote a whole series of books about Pennsylvania politics. My Pennsylvania artist is a fellow from Chadds Ford, Andrew Wyeth.

TAE: Do you have a favorite movie?

SPECTER: Well, I still haven't seen any I liked better than *Gone with the Wind.*

TAE: On the subject of movies, have you seen Oliver Stone's *JFK?* If so, what did you think of it?

SPECTER: It wasn't optional. I had to see it to respond to it. I thought it was fiction, and bad fiction at that.

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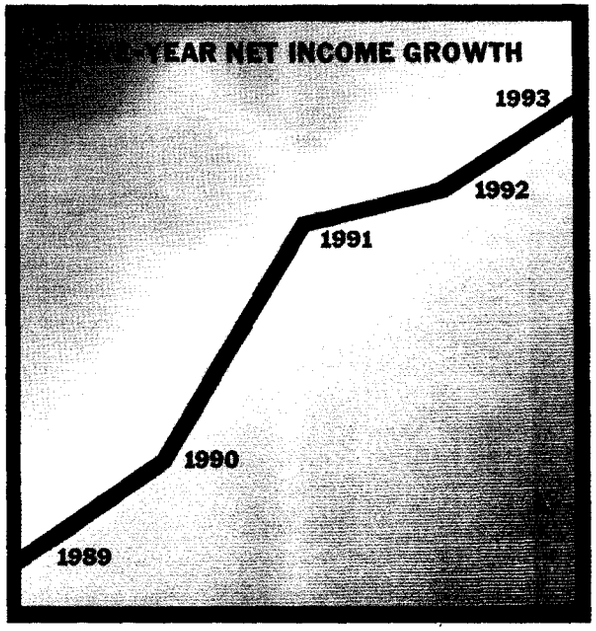

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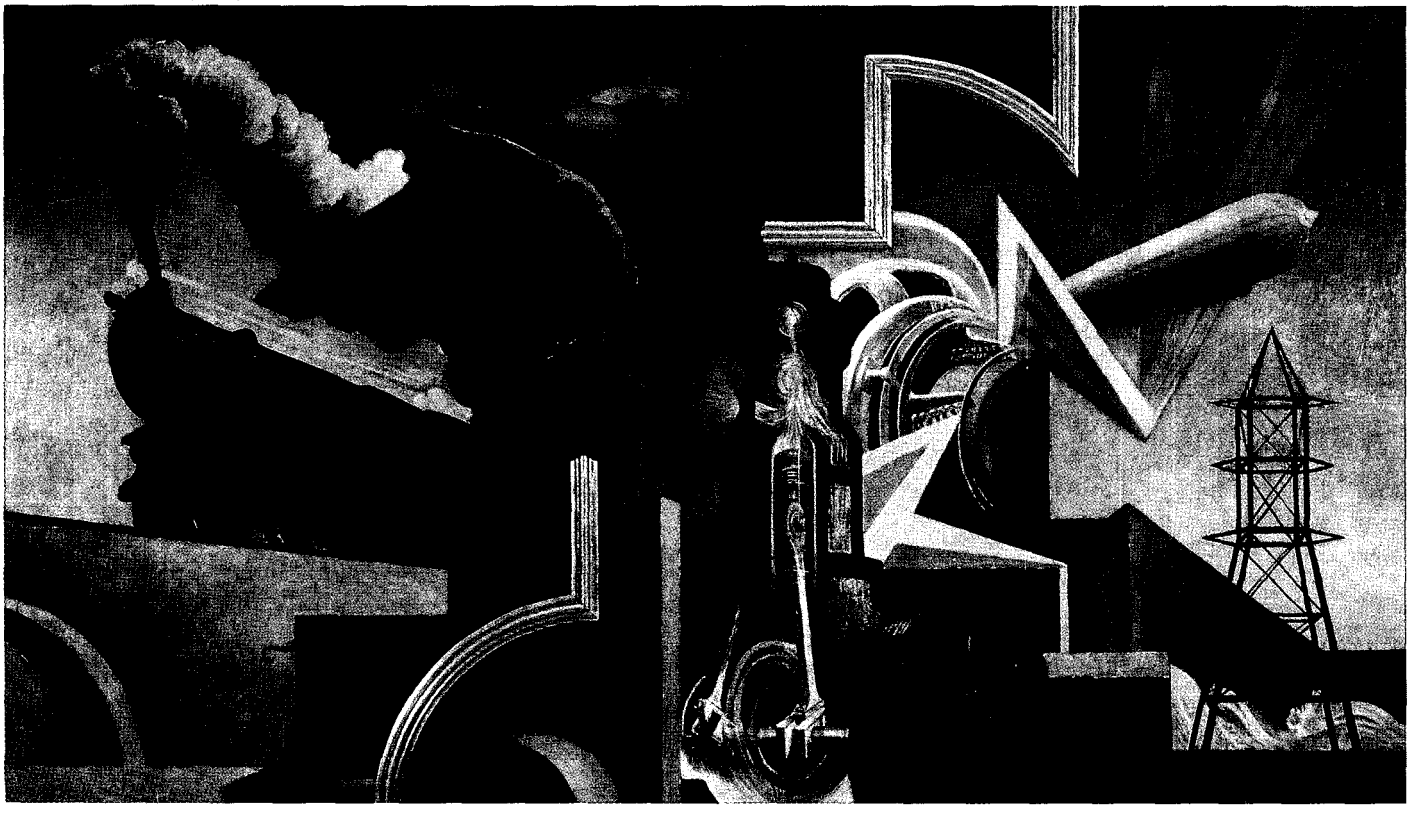
Socialism— DEAD OR ALIVE?

a roundtable discussion

Is socialism really dead? Or has it just faded into the woodwork? Is it prospering under a variety of more current aliases?

To consider whether the socialist impulse has really been quenched or not, *The American Enterprise* assembled a quintet of veteran observers: **David Horowitz,** New Left editor turned conservative provocateur, currently president of the Center for the Study of Popular Culture; **Eric Breindel,** editorial page editor of the *New York Post* and a nationally syndicated columnist; **John O'Sullivan,** editor of *National Review* and a former adviser to British prime minister Margaret Thatcher; and **Arnold Beichman,** research fellow at the Hoover Institution. **Mark Falcoff,** resident scholar at the American Enterprise Institute, moderated the discussion, which took place in New York City.

"Instruments of Power" from America Today, 1930 by Thomas Hart Benton, American, 1889–1975. 92x106". Distemper and egg tempera with oil glaze on gessoed linen. From the collection of the Equitable Life Assurance Society of the United States. Photo 1988 by Dorothy Zeidman.



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TAE: Elsewhere in this magazine, John Judis argues that "once the sordid memory of Soviet communism is laid to rest and the fervor of anti-government hysteria abates, politicians and intellectuals of the next century will once again draw openly upon the legacy of socialism." What do you think of that general proposition?

MR. HOROWITZ: I think it speaks to a basic ignorance John Judis and all socialists have of economics, and their unwillingness to learn it.

They still think there's a feasible socialist economy and haven't come to terms with the arguments that von Mises made in 1922.

MR. FALCOFF: Maybe these people aren't really socialists in an economic sense, anyway. Perhaps they have all the sentimentality of Marxism without any of its intellectual seriousness.

That's always struck me as what characterizes the Left in not just the United States, but Great Britain as well. In Protestant countries, or post-Christian Protestant countries, the socialist impulse is often non-economic.

It's interested in culture. It's interested in personal relations. It's interested in personal liberation, and also in using the state to promote lifestyle changes.

MR. O'SULLIVAN: I agree that that is a big change. I was reading a book that was a series of socialists making an attempt to distinguish between the fall of communism and the future of socialism.

And, of course, the distinction they saw was that communism was undemocratic, authoritarian, totalitarian. Socialism was essentially democratic.

Obviously most social democratic parties wouldn't go for outright totalitarianism. But all socialism is based essentially upon coercion. All of the policies that are perceived as enabling people, empowering people, are either derived from taxation, which disempowers people, or they specifically require state intervention to prevent inegalitarian end results.

SOCIALISM IS BASICALLY A RELIGIOUS PHENOMENON, AN INABILITY TO COME TO TERMS WITH THE FACT THAT WE ARE ALL UNEQUAL.

—*David Horowitz*

And this is something that the socialist mind, whatever form it takes, just does not want to accept. It wants to exercise coercion without acknowledging that it's doing so.

And we see this in all of the new movements you're talking about: the environmentalist movement...

MR. FALCOFF: The feminist movement, cigarettes...

MR. O'SULLIVAN: All of these are essentially coercive, but they pretend not to be.

MR. HOROWITZ: It's basically a religious phenomenon and it's an inability to come to terms with the fact that we are all unequal. We can't be made equal, there isn't going to be an end to conflict and war and all those things that make us human.

It is a secular religion and when it is a non-secular religion, it is a form of idolatry.

MR. BREINDEL: Before we go too far with this part of the discussion, let's talk about the individuals who have never really accounted for their erroneous views of Soviet communism. It would be more understandable if some of the people who are willing to call themselves socialists still, and who are willing to look forward with some eagerness toward a time when there will be a rehabilitation of Marx without the trappings of Soviet communism, had made some effort over the last half decade to come to terms with what exactly happened in the collapse of communism.

Eugene Genovese wrote an article for *Dissent* in which he described his absolute surprise at the fact that he had spent a lifetime in argument and apology for Soviet communism.

And he expected that at some point in the last decade he would have been confronted by someone or some institution or some group of people, who would ask him, "How did you do this? How did you say these things? What did you know and when did you know it?"

And he said, well, I'm going to write this article anyway, but by the way, nobody's ever asked me these questions.

MR. BEICHMAN: Everything Marx predicted, almost without exception, has turned out to be false.

In *The Communist Manifesto* Marx says, "National differences and antagonisms between peoples are daily more and more vanishing, owing to the development of the bourgeoisie."

And then he says nationalists will disappear because of the supremacy of the proletariat. Wrong.

In *Das Kapital* Marx notes that the most advanced society would show to the less developed the image of their future. The most developed society in later years, was, of course, the United States.

On that basis, America should be the place where there should be a successful Socialist Party, yet it was in Europe that you had socialist parties.

The inevitable pauperization of the working class, the proletariat, which Marx predicted, never turned out right. So most Marxist ideas or predictions or diagnoses are false. They have no basis.

Despite the fictions of Marxism, it's still held up as a body of science, the great image of mankind.

MR. FALCOFF: This goes back to what David was saying about a religious impulse. When the prophecy fails, people don't necessarily lose faith. Sometimes they redouble their faith.

MR. HOROWITZ: But let's not limit it to Marx. Gene Genovese is an incredibly honest person, having done what he did, but he still doesn't understand the problem with socialism itself.

The idea that drove John Judis and all of us in those years was that the means of production had to be taken over. We would have a planned economy with political freedom. Now, any Hayekian or any Madisonian will tell you that you can't have political freedom if you have social ownership of the means of production.

The collapse of communism also showed that planning produced a tenth-rate power—except for its military-industrial complex, and it stole the technology for that from the West.

MR. O'SULLIVAN: I want to make an incomplete point and propose a question to which I don't have the answer.

David said it wasn't just Marx, it was the whole socialist mentality. One can go further. Look at the support that the Soviet experiment got in this country from people who would never have considered themselves socialists.

There was something about this vast totalitarian enterprise,

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which murdered millions of people, which they found in a sense compelling, entrancing.

So much so, by the way, that I think the reason we don't see much now in the American press and the media about the gulag, we don't see any attention paid to the discovery of mass graves containing hundreds of thousands of people, is partly because at the back of everybody's mind there's the guilt feeling that we were, to some extent, complicit in this, in a way we were never complicit in the genocide of Hitler.

MR. BREINDEL: Yet we don't have the recognition that there is moral equivalence between Stalinism and Nazism.

David and I were speaking earlier about the fact that Corliss Lamont died and the *New York Times* said he was committed to human rights, international understanding, and above all, peace.

And it would be very hard to imagine someone who devoted his life to propagandizing for Hitler receiving parallel praise in the newspaper of record.

Here we are five years later and we're not closer to an understanding of what really happened in the Soviet Union. We're moving away from it.

And some of the people who are leading us away from the discussion are people who are distorting the past. Until we come to an honest understanding of what that system represented and what the people who apologized for it represent, it's very hard to move forward.

There's something very flip about saying, oh, get the Soviet thing behind us and we can then discuss socialism. It's very hard to get "the Soviet thing" behind us.

MR. BEICHMAN: What is going on now is an attempt to rehabilitate socialism. You have books by Evelyn Schrecker, Maurice Isserman, trying to show that the communists were really socialists who went wrong, or socialism was a great idea that went wrong.

MR. BREINDEL: They're also saying that American communism was a genuine indigenous American experience. They're saying that Earl Browder was right, that they were liberals in a hurry, that communism was twentieth-century Americanism.

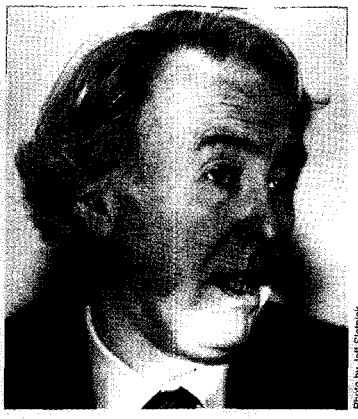
MR. FALCOFF: Unfortunately for them the documentation is coming out from Soviet experts.

MR. HOROWITZ: It will make absolutely no difference. We are dealing with a religious phenomenon.

The culture of the university: its intellectual tradition is the tradition that produced Hitler and Stalin. If you think of the dominant thinkers in our academies—Marx, Nietzsche, Hegel, Heidegger, Gramsci, Walter Benjamin, Foucault, De Man—they're all totalitarians.

That is the dominant intellectual tradition in our culture. It is not Hayek and Locke. Hayek barely exists in our universities.

MR. O'SULLIVAN: I'm reminded of Tom Bethell's definition of socialism: socialism is what fills the vacuum when religious faith disappears. And if you look at the leading figures in the history of socialism, it is generally people with a religious mentality who have lost religious faith.



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WHAT THE SOCIALIST MIND REFUSES TO ACCEPT IS THAT ALL SOCIALISM IS BASED UPON COERCION.

—*John O'Sullivan*

It is those sectors of Christianity and Judaism who have ceased to believe and become secular-minded and they are attracted to something that promises salvation in the here and now.

MR. BREINDEL: Although when the god fails, as it has, they don't acknowledge that the god has failed.

MR. O'SULLIVAN: Ken Minogue was talking about the appeal of socialism to rulers, and he said, here's a doctrine that says it's scientifically essential, indeed inevitable, that you shall seize power and suppress your opponents. Well, what could be more agreeable?

MR. BEICHMAN: We haven't used the word capitalism here once yet. The reason for this attempted revival of socialism is because capitalism has turned out, despite all the predictions, to be successful. And what's more, you have a global plebiscite in favor of capitalism.

MR. FALCOFF: But you still get very interesting persistent counter-factual statements. Let me just quote one by former defense secretary Robert McNamara, who has gotten interested in the Cuban missile crisis, and has been going to these meetings in Cuba. He came back from one and made a speech at the National Press Club saying how much he admired Cuba's achievements in education and health.

MR. BEICHMAN: The S.O.B.

MR. FALCOFF: I quote McNamara because he is a person who until very recently was of unimpeachable respectability in establishment circles.

MR. BREINDEL: Well, you take somebody who's so burdened for having fought the right fight, but not fought it to the finish, that his thinking becomes distorted.

MR. FALCOFF: But there are many other people of that stripe who make statements like that. What does it say about our own political culture that people were prepared to say during the Soviet interim that we had a lot to learn from the educational and health delivery systems of Russia, East Germany, Cuba?

I often think, as a Latin Americanist, why is it that so many other countries that have had governments that claim to be leftist, or at least social democratic, have never attempted to implement a Cuban-style health-care system?

And what does it say about our own society that we would advocate this thing, which not only requires a totalitarian system but doesn't even work?

MR. BREINDEL: I think it goes back to this egalitarian quest in American political discourse and in the American imagination.

And there's something that seems appealing about the health-care delivery systems in East Germany, the Soviet Union, and China: everybody was getting the same thing. There were no class distinctions. Because you had more money, you couldn't get something better. Hillary Clinton is animated by the same sensibility.

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MR. HOROWITZ: Communism is the philosophy of losers: people who cannot face the competition. That's what the egalitarian impulse is all about.

MR. FALCOFF: Well, David, although it's true that there's a strong egalitarian tradition in the United States, it's a republican egalitarianism rather than a socialist egalitarian tradition.

MR. HOROWITZ: This thing goes back to Methuselah. It is people who want a heaven on Earth. It's the Tower of Babel. It's Adam and Eve. It's people who want to be as gods. They cannot accept the human condition.

MR. O'SULLIVAN: That is why I think we're now moving into a period in which we're going to find ourselves menaced by far more dangerous forms of this impulse.

When this impulse was attached to an economic theory, then it was to some degree attached to something that could be tested and measured.

MR. BREINDEL: And that's not so for Islamic fundamentalism.

MR. O'SULLIVAN: Not so for feminism. Not so for the environment.

MR. BREINDEL: Haven't scientific standards refuted the most ill-considered forms of environmentalism?

MR. O'SULLIVAN: You see, again, we're talking about moderates and extremists as we might be talking about the communists and social democrats.

Obviously there are people in the environmentalist movement who can be persuaded, say, by Gregg Easterbrook's latest book that the claims of disaster are exaggerated. That's not true for the people who regard Mother Earth as an actual sentient being, who is raped and violated when we do things like plow.

There's no way you can refute that. Equally, there's no way you can refute extreme feminists. And indeed, feminism itself turns out to be a completely protean doctrine.

Because one minute it asserts that there's no difference between the sexes, and the next it asserts that there are ineradicable differences in which the women are superior to the men.

So one is not dealing here, as one was with Marxism, with a doctrine that at least in principle is falsifiable.

MR. HOROWITZ: There has been a great intellectual degeneracy in the Left since the days when they just believed the source of all evil was private property. When they lost the idea that the proletariat would be revolutionary, they also lost their coherence.

Now that Marxism is gone, the Left owes far more of its intellectual roots to Mussolini than anyplace else. Today's socialism is based on the group. It's a reactionary, status-seeking ideology. Everybody is identified by their race, gender, class, and sexual orientation. For Mussolini and Hitler it was the nation or an ethnic body. That's really going back to pre-capitalist societies.

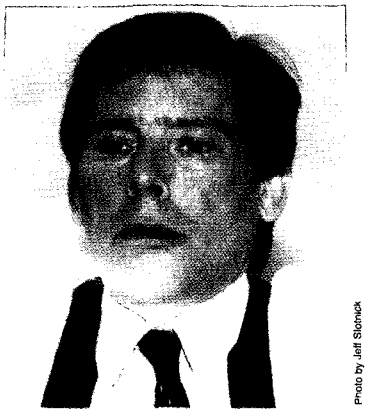

Photo by Jeff Slotnick

THERE'S SOMETHING FLIP ABOUT SOCIALISTS SAYING, OH, GET THE SOVIET THING BEHIND US AND THEN WE'LL DISCUSS SOCIALISM. IT'S HARD TO GET "THE SOVIET THING" BEHIND US.

—Eric Breindel

And that's what they want, because it's snug and secure. It's also dangerous.

The other danger is that when you take away the class vision—when you take away Marxism's notion of the future—what do you have left? The nihilistic aspect.

These people begin by being alienated, hostile, angry, and at war with the system. Their intellectual doctrine is a war doctrine. They're very dangerous, and they're all over the place.

MR. FALCOFF: I'm not trying to be a Pollyanna, but I do go back to the point about internal contradictions.

For example, every so often when they have to appoint a president of a university in the inner city, they get into a big fight over whether it should be a Hispanic or a black or a woman, and it's usually difficult to find one person that fits all of these characteristics.

Victimology becomes this constant fabrication of victim groups, and it becomes more and more difficult to form a concrete political alliance.

MR. HOROWITZ: But they're not seeking alliance. In the black community, which is the community where the political leadership is most seduced by the Left, you have what Stanley Crouch calls "Afro-fascism." They have the ideology. They're not looking for coalitions. They don't think in terms of a pluralistic society. They don't really care what anybody else thinks.

MR. BREINDEL: And a lot of these people seem to think that alliances don't matter because they're functioning in some kind of vacuum or nation apart, as though it's possible for a decided minority in a pluralistic society to fashion itself as an independent nation.

MR. HOROWITZ: That's what's killed so many gays. They created liberated zones. They decided that public health policies were repressive instruments of a heterosexist state. And they murdered 200,000 of their own people.

MR. O'SULLIVAN: Can I suggest there's another way in which proliferating socialism is destructive, and that is economically.

In the days when you had a self-conscious economic socialism, you did have a steady succession of economic crises, but they were recognized as such and dealt with.

Generally, a socialist government would come into power, behave in an absurd way economically, come up against the barriers of foreign exchange reserves, or whatever, and then institute an extremely conservative fiscal and financial policy. They would then recover and get involved in another binge, generally in opposition.

Now, that, it seems to me, is not going to happen here. Because what you have in the new kinds of socialism is not so much a lack of faith in capitalism, as extraordinary faith in capitalism.

They believe it can bear any burden, pay any price. Whatever they load on it, it will take. Quotas, environmental regulations: the

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economy will simply be able to stagger along. It's rich and productive enough, and in a sense, that might be true, if America were the only country in the world. Al Gore actually argues that regulation is itself a productive industry, which is an absurdity.

But because you have all of these different groups piling demands on, and there's nobody who has to think of the general welfare at the end of the day, then there's potential for enormous difficulty in a competitive world economy.

MR. BEICHMAN: How does socialism today face the fact that the trade union movement in America, which used to have strength—25 percent of the workforce—is down to about 12 percent?

MR. HOROWITZ: The base of the Left has shifted instead to the universities. These doctrines—feminism, multiculturalism, political correctness—spread like a prairie fire through the universities.

MR. BEICHMAN: In 1971 Sartre wrote the following, and I think this is today the slogan of socialism in the democracies: "To keep hope alive, one must, in spite of all the state's horrors and crimes, recognize the obvious superiority of the socialist camp." This *cri de coeur* for belief in spite of socialism's collapse everywhere dominates the academic Left.

MR. FALCOFF: Russell Jacoby's book *The Last Intellectuals* makes an interesting point about this. These people have lost interest in political power, except in their own little provinces.

MR. HOROWITZ: They control the universities...

MR. FALCOFF: ...and that's all they care about.

MR. BEICHMAN: But we still need to worry about Sovietologists like Jerry Hough, because they control what goes on in doctoral dissertations and who gets the jobs.

MR. HOROWITZ: It's not like the universities are a staging position to take further power. It's their cocoon. It just goes back to my point that it's the philosophy of losers. It's people who cannot face competition. The university is the perfect place. It's life tenure.

MR. BREINDEL: Okay, but universities still produce the next generation.

MR. FALCOFF: I think Arnold and I are the only people at this table who have been college professors. My own experience is that I couldn't get those kids to remember anything: they'd just write it all down and regurgitate it and forget it the next day. And I'd console myself that the students are quite cynical about a lot of this left-wing agitprop.

MR. BEICHMAN: But that's not true on the graduate level. It's the graduate student level that they control.

MR. FALCOFF: There's a political economy to this, and that is that there are so damn few jobs for graduate students today, that these people are not going to go out and teach. So I think that what's going on in the universities, while deplorable, is not very relevant to what's going on in our political culture.

Photo by Jeff Slotnick

THE SOCIALIST IMPULSE TODAY IS OFTEN NON-ECONOMIC. IT'S INTERESTED IN CULTURE, IN PERSONAL RELATIONS, AND IN USING THE STATE TO PROMOTE LIFESTYLE CHANGES.

—Mark Falcoff

MR. BEICHMAN: Mark, I think that Gertrude Himmelfarb would disagree with you on writing off the institutions. Her point has been that it's the social sciences that determine moral values. It's not the engineering schools that do.

MR. BREINDEL: Yeah, I'm a little uncomfortable with the point you're making. The universities are essential elements of the life and the future of any civilization.

MR. O'SULLIVAN: And the transmission of memory.

MR. BREINDEL: If we're talking about what gets written, what gets published, what people read, what appears in books, it's a very serious business.

I do agree that universities have become less relevant as they've filled up with people who can't win in an open competition of thought, as David says. The great marketplace of ideas where you actually have to debate and argue in order to hold your position would not be a very safe circumstance for people who have been apologizing for wrong and evil ideas for most of their adult lives.

MR. O'SULLIVAN: I have mixed feelings. On the one hand, I think that it's one of the marks of the superiority of a capitalist society over a socialist one that it does permit to flourish institutions that are completely run on opposite principles—either feudal principles or socialist principles.

You cannot have capitalist communes in a socialist society. They simply don't permit it (although they exist in the form of the black market). People get executed for that kind of thing.

In our society, on the other hand, socialist institutions are not only tolerated but are financed by the state. Yet they are themselves often internally repressive.

Departments select who's going to be in them, what's going to be studied, on explicitly political criteria. That's certainly true of black studies and women's studies.

What's worrying is that this leaks into other institutions. If you look at the university schools of journalism, they are not turning out people who want to report the news. They are turning out people with specifically approved political attitudes.

And consequently, the newspapers that choose the best graduates of these places develop a similar kind of political correctness inside the newsroom.

As a result, the American people can't get the news that it trusts, and it turns to talk radio. And what happens then? Talk radio then becomes denounced as an agency of pervasive paranoia.

MR. BEICHMAN: Let me give you an example. Your colleague, Peter Collier, wrote a very good piece in the *Washington Times* about Angela Davis getting a tenured professorship. Unbelievable.

MR. HOROWITZ: And worse—a president's professorship—the highest honor you can get.

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MR. BEICHMAN: A few years ago, the White House wanted to nominate Peter Duignan, a very distinguished Africanist at the Hoover Institution, as the national archivist.

The whole history profession—or the socialists within it at least—reared up in a huff because he was called a defender of apartheid, which he was not. He was called a racist, which he was not. And the White House wouldn't even send up the nomination. But Angela Davis can get her appointment with no trouble, in 1995.

MR. HOROWITZ: Universities and liberal arts are at the lowest intellectual ebb in the history of America, and are the least free since colleges were administered by clerics in the time of the Salem witch trials.

I was a Marxist at Columbia in the McCarthy '50s and I was never graded politically. I was never given only one side of an issue. I was never indoctrinated, although all my professors were anti-communist.

MR. BEICHMAN: Howard Zinn of Boston University says a professor who teaches and doesn't have political opinions that he puts into the classroom is failing in his duty as a teacher.

MR. BREINDEL: Yet we wouldn't be allowed to say that Howard Zinn's political tradition is a political tradition of apologizing for American communism and the Soviet Union, because that would be denounced as McCarthyist.

Angela Davis's professorship was reported throughout the country as the resurrection of a civil rights activist. She's not a civil rights activist. She's an American Communist who ran as vice president on the Communist Party ticket, and apologized, until the day the Berlin Wall came down, for every mass vice of Stalin and communism.

MR. FALCOFF: Well, that's where we are in the universities. How about American politics? Since the last election I've been wondering how powerful are Dan Rather, Peter Jennings, the *New York Times* editorial page, and the *Washington Post*, really?

The political realm has a wonderful reality check: people have votes.

MR. O'SULLIVAN: But for a reality check to be effective there must be accurate information. I don't see that happening.

MR. HOROWITZ: Well let me be the cockeyed optimist. Look at China. It was walled off, sealed off from the rest of the world, and then, Tiananmen Square pops up. And in America today it's not like people are being told that affirmative action is bad. They can see it.

MR. FALCOFF: Well, the *Washington Post* recently gave a big play to the Labor Department study saying that affirmative action had had no discriminatory effects whatever. I looked at that and I laughed and I thought, "I wonder how many people who read this are going to believe it, given that a lot of us have had firsthand experience with this for 30 years."

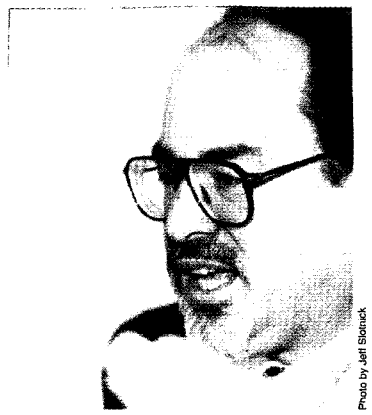

Photo by Jeff Slonick

THE BASE OF THE LEFT HAS SHIFTED FROM TRADE UNIONS TO THE UNIVERSITIES. FEMINISM, MULTICULTURALISM, AND POLITICAL CORRECTNESS SPREAD LIKE A PRAIRIE FIRE THROUGH THE UNIVERSITIES.

—*David Horowitz*

MR. BREINDEL: That's true, Mark, but on the other hand, Juan Williams of the *Washington Post* was able to get on national television and say, "I think what you saw in Oklahoma City was the angry white male in his natural state."

MR. HOROWITZ: That, just like the 100-days-of-Democratic-opposition-to-everything, is a sign of the total bankruptcy of the Left. It's hysterical. It's name-calling. It has absolutely no ideas to combat the Republican conservative revolution with at all. And I think the effect of it is…

MR. FALCOFF: To drive people to talk radio, CNN, C-SPAN.

MR. O'SULLIVAN: *And* to have a chilling effect on public debate.

MR. HOROWITZ: It's just like before the last election. The demonization of the religious right, the attempt to brand the Republican Party as fanatics. It's not going to work.

MR. O'SULLIVAN: I think your optimism is extremely pessimistic. Because what you're saying is that these terrible events can happen, these slurs can be made, but at the end of the day, the effects of socialism in action are so unpleasant that people will rebel against them. With that I completely agree. But in the meantime, what has happened is the destruction of certain traditions which made life more civilized. For example, the tradition of civil debate, wherein evidence and proof are different from mere assertion: that distinction is simply being lost.

Increasingly, questions of individual guilt or innocence are not decided in court on the basis of the evidence presented. They are decided in public opinion on the basis of the general advantage accruing to one side or the other.

For instance child sex abuse: anybody who's accused of it, until very recently, was assumed to be guilty—because of a feminist argument that to doubt it was widespread was to condone it and blame victims.

MR. HOROWITZ: Tailhook is another place real personal damage was suffered. Salem is a theme in American life. There will be moods like this and people get stampeded.

But the tide is conservative in this country. When I first came to the conservative movement, I was struck by the timidity of conservatives. And today, what I'm struck by is that you do have a Rush Limbaugh. He's not going to back off.

MR. O'SULLIVAN: He is the exception. Others will.

MR. HOROWITZ: Look, when the House Republicans proposed to *increase* the welfare state over the next five years at a slightly slower rate than the current path they were called "Nazis" by the Democrats. Charles Rangel. John Lewis. You know, stealing food from children.

Yet what I saw is that the troops stood fast. They didn't collapse as a coalition; 99 percent of the Contract was voted

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through—299 votes out of 302. Individuals were actually strengthened, and I see people who are more moderate, like Susan Molinari, who voted for the Clinton crime bill, acting very tough now as a leader of the House.

MR. O'SULLIVAN: I agree with that. But let's suppose that we're sitting on the morrow of victory. We, so to speak, have "won." We've got the Senate, the House, the presidency, and the Supreme Court.

MR. HOROWITZ: Now, the universities.

MR. O'SULLIVAN: Exactly. Do we want in the universities to have a situation in which leftist ideologues are replaced simply by rightist ideologues?

I think we'd all feel that that was a very small step forward at best. And unfortunately, what we're seeing and have seen since the advent of socialism is the destruction of a very intricate web of institutions and traditions that constituted civil society.

They were totally destroyed in the Soviet Union, but here they are being significantly eroded. And we will be worse people—not just our opponents—as a result.

MR. FALCOFF: John, it's interesting that you say that. Because one of the things that I'm struck by, as a fairly frequent visitor to Britain, is how much more civility there is in Britain in intellectual discourse. If you watch a television debate, they do stick to evidence, usually, and they don't talk about whether you're a good person or a bad person if you believe this or you believe that.

MR. O'SULLIVAN: I also think that if you were comparing Britain today with Britain 10 or 20 years ago, you'd be struck by a decline in civility.

MR. HOROWITZ: Seeing the destruction of a great institution like the *New York Times* saddens everybody who looks at it. But I don't think that we're that far away from restoring these institutions.

MR. BREINDEL: Wait a minute. We're not going to restore the *New York Times*. That's a bankrupt institution that we hope withers away, right?

MR. HOROWITZ: Well, I don't know that it'll wither away. But institutions that remain in the clutches of the Left will decline.

MR. BEICHMAN: Not the universities.

MR. HOROWITZ: The universities are complex institutions. They have vast science departments, engineering departments, where you don't have political correctness. The departments that require mathematics, like economics, are much better than softer sciences.

MR. BEICHMAN: But what is happening is that students, because of the cultural atmosphere, which is just mephitic, no longer pick the hard sciences. If we didn't have imports from India and Pakistan, our engineering schools would have no faculties. Because students are going into sociology and quasi-sociology. A Russian student told me she was able to get out of Stanford in three years, and she couldn't understand why anybody hung around that long.

So I asked a bunch of engineering students at Stanford, "Is it possible to do your engineering studies in three years instead of four?" And they said, oh, sure. "Why don't you do it?" Well, it's a lot of fun to be here.

MR. HOROWITZ: That's a reasonable answer.

MR. BEICHMAN: You're kidding.

MR. HOROWITZ: You don't want to be so gloomy.

What I'm impressed by is the number of really sophisticated and aggressive conservative students these leftists on the campuses turn out. It's a result of going up against the Left. You know, the Left has made them much more sophisticated.

MR. BEICHMAN: If you were asked to give an estimate about the power of the Left in the American university, how many years would you say this Marxified group has left?

MR. HOROWITZ: They're going to have to die.

MR. FALCOFF: It's like a snake that swallows a rabbit. It's got to work itself out.

MR. BEICHMAN: On this university question, I am moved by something that Lionel Trilling wrote in 1951 in *The Liberal Imagination:*

"This is the great vice of academicism, that it is concerned with ideas, rather than with thinking, and nowadays, the errors of academicism do not stay in the academy. They make their way into the world. And what begins as a failure of perception among intellectual specialists finds its fulfillment in policy and action."

MR. BREINDEL: It was true then. It was truer 10 years later. It was probably as true 20 years later, and it's not as true today.

MR. HOROWITZ: Absolutely. The Clinton administration, to the extent that it drew on the ranks of the intellectuals at all, went to...

MR. O'SULLIVAN: People like Graham Allison.

MR. BREINDEL: Defeated elected officials.

MR. O'SULLIVAN: Corporate lawyers. People from pressure groups like Donna Shalala.

MR. BEICHMAN: Well, that's the most hopeful thing I've heard today.

MR. O'SULLIVAN: I think we should discuss one more thing. If we're right in discerning a new revolutionary upsurge, which consists of the breakdown of Marxism into these different kinds of identity socialists, what is the conservative response going to be?

It seems to me that communitarianism is a liberal half-way house to have time to think about these questions.

And some kind of conservative response, which incorporates

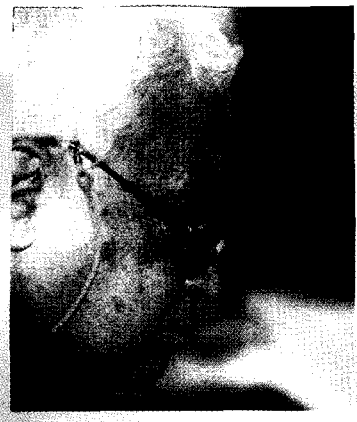

Photo by Jeff Slonick

EVERYTHING MARX PREDICTED, ALMOST WITHOUT EXCEPTION, HAS TURNED OUT TO BE FALSE. YET DESPITE THE FICTIONS OF MARXISM, IT'S STILL HELD UP AS A BODY OF SCIENCE.

—Arnold Beichman

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individual liberty *within* family structures and local neighborhood life, has got to be found, and one that makes sense not simply in terms of suburban and small-town America but in terms of urban America. I don't know that we have the answer to that.

MR. HOROWITZ: I think of conservatism as a counterrevolution to the French Revolution. I believe the Gingrich revolution is a rollback of both the 1960s and the 1930s.

MR. O'SULLIVAN: I agree, but it seems that when I look at the Contract these things all make sense as Item One or Item Two or Item Three. But what's the overall idea? The leftists at the moment don't have any overall idea of what kind of society they'd like. Do we?

MR. HOROWITZ: I think it's to devolve power back to the individual as much as can be done.

MR. FALCOFF: And to evoke a greater sense of individual responsibility.

MR. HOROWITZ: Yes. Gingrich has got it all spelled out—responsibility, accountability, plus what Grover Norquist put into one sentence: "leave us alone." The "leave us alone" part is a little too simple, but there's a coherence to the whole package, and it pulls together. It's what Americans believe.

MR. FALCOFF: By itself, "leave us alone" is too simple. It's part of it, but it's too simple. I think as a nation of immigrants, the United States has a special ethos that makes it very different from other countries—at least other non-immigrant countries.

When a Mexican immigrates to this country, he does that instead of making revolution in Mexico. The immigrant comes here and goes to work. That's his revolution. That makes the United States very different from Sweden or Holland.

MR. HOROWITZ: Joshua Muravchik said at the Second Thoughts conference that America is the utopia.

MR. O'SULLIVAN: I don't agree with that. I think if it were true it would be a bad thing. I don't believe utopia is a desirable place.

But there is a utopian element in conservative thinking in America, and I think it's a bad element and it leads us into all sorts of errors. For instance the attempt to create a community that isn't really a community, that is eroded by high and continuing immigration—I stress both. Brief bursts of high immigration may be fine, and continuing modest immigration is fine. But the two together undermine the common sense of the American community. And the reason we have high and continuing immigration is because of a utopian concept of America as a nation that can absorb any number of people at any time and transform them.

And conservatism is not just about the individual, is it? Conservatism has always been about community. It's always been about families. It's always been about intermediate institutions.

And it seems to me that we can't rely on the ones that used to be powerful. The churches have actually now refused to accept the kind of role that they played in society, where they would be the helping agencies for people.

> WE ARE GOING TO BE MENACED BY FAR MORE DANGEROUS FORMS OF EGALITARIANISM. THE SOCIALIST IMPULSE USED TO BE ATTACHED TO ECONOMIC THEORY, WHICH COULD BE TESTED AND MEASURED. NOT SO FOR FEMINISM OR ENVIRONMENTALISM.
>
> —*John O'Sullivan*

MR. HOROWITZ: But it's changing, John. The mainline churches that were taken over by the liberals and the left are in decline and the evangelicals are growing.

America is amazing in that way. Talk radio is the symbol of what happens. You close off this. You close off that. It pops up somewhere else.

MR. BREINDEL: It's a phenomenon that expresses itself in what we call right-wing religious conservatism, which is a scary phenomenon only if you want it to be.

MR. O'SULLIVAN: If you're willing to believe the worst of people on all occasions. But I think that intermediate institutions which used to exist are now decayed and the new ones are only on the point of arriving.

And until we've really established those barriers between ourselves and our families on the one hand and the state on the other, conservatism is going to be one-armed.

MR. BEICHMAN: When I debate leftists and they start denouncing America as a horrible country, I always say, well, you know, it may be that you're right. Do you have a model of another country that you think is superior?

MR. FALCOFF: Do they point to Germany or Sweden?

MR. BEICHMAN: Oh, no! They say it's unfair to raise such questions.

MR. HOROWITZ: When I was a kid they used to say to me, if you don't like America, go to Russia. And I think that was very reasonable. Every leftist that believes this is an oppressive, racist, sexist, society, please…

MR. BEICHMAN: Go find a better alternative.

Speaking of alternatives, can Marxism exist without a model country?

MR. FALCOFF: One of the things I've been thinking about, Arnold, is whether they might not do better *not* having the model country. No disappointing reality to cast a shadow over the rosy theory. Although sometimes I think it falls to little Cuba to play the model role.

MR. O'SULLIVAN: I hate to tell you this, but America is seen by a lot of leftists in Western Europe as the utopian model, because they see it as a society that is not held together by anything other than the bonds of ideology and one or two common institutions.

MR. BEICHMAN: I propose we close with the following sentence from a British Marxist named Fred Inglis: "Socialism, however disfigured by the Cold War, is still the only rhetoric left with which to berate the delusions and cruelty of horrible capitalism."

So at least we have some use for Marxism.

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Marvin Olasky

Marxism & me

The debate at Big University was ostensibly about welfare reform, but the real subject for the professor of social work and his coterie of students was capitalist exploitation. Professor: "Some of us fight against exploitation [students hooray], and some of us join in [students hiss]." Predictable rhetoric and response, and it was hard for me to get too irritated—because 25 years ago I had been a student member of the hooray-and-hiss drill team. But then the professor went too far: "And the immigrants at the beginning of this century, whom Olasky claims were helped by the provision of effective compassion, were even more ruthlessly exploited."

That was too much for me. Insult me, insult my intellectual and political teammates who are working to replace welfare, but don't insult my grandparents by saying they were exploited and too dumb to notice. They all came from the Russian empire shortly before World War I and found the streets paved not with gold but with liberty—which, in the hands of people who wanted to work hard and were encouraged to do so, amounted to virtually the same thing.

My father's father had the wisdom to desert from the Russian army and make his way to Boston, where he became a boilermaker. Louis Olasky worked for a capitalist so exploitative he was able to save money, buy a home, go to the synagogue regularly, and otherwise prosper without running afoul of the government—an amazing prospect for someone used to the czar's tender mercies. My mother's father was also terribly exploited: Robert Green drove a horse and wagon through the streets of Malden, Massachusetts, picking up used mattresses that he could recondition and sell at a profit.

Unemployment, Radical Protest, Speed, 1932 by Thomas Hart Benton, American, 1889–1975.
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My grandparents were able to build a better material life for their children, and they for their children. The spiritual side was to be taken care of by Hebrew school, which I attended after public school for seven years. But when I was 14, the rituals that were at the heart of my family's practice seemed inadequate. More fundamental was my desire not to think about sin, or even limitations. I excelled in school and became used to receiving praise for "creative thinking... independent analysis...questioning dogmas." There were no moral boundaries, and the intellectual arrogance that won praise from liberal teachers prepared me well to gain scholarships and enter Yale, where I was ripe for further training by professors and graduate students who relished the radical.

THE PARTY PEOPLE I KNEW WERE LIKE ME: FULL OF THEMSELVES AND THEIR OWN WISDOM.

What I remember most about college is that I could do and write the silliest things and receive plaudits, as long as my lunacy was leftward. I received honors grades for, among other things, cutting out pictures from old Red Sox yearbooks and interspersing them with commentary about baseball racism; describing my own atheism and then claiming that such belief was at the core of the American tradition; and taking a black cat in a bag to a course in the art museum, letting him out on the floor, and explaining that I had just created a work of art that showed how the Black Panthers were freeing themselves from the container in which American society placed members of their race. (Alas, the cat ran away and hid among some expensive canvases, prompting a frenzied search.)

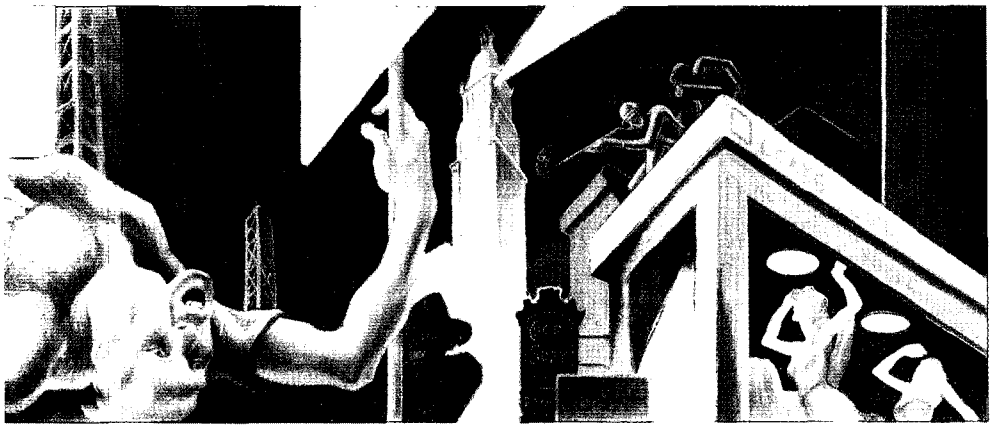
It wasn't only the professors who pandered to my whims. In 1969, when I convinced a college council to make one of the janitors an honorary Yale fellow, *Life* ran an affectionate article about the bemused proletarian and me. In 1970, when students such as myself wanted to travel around protesting the Vietnam War, the college called off the last month of classes. In 1971, when I participated in a five-day hunger strike outside the administration building, the college president offered us his sympathies. Once, when my roommates and I went to Washington to educate members of Congress about their deceitfulness, Speaker John McCormack took us into the House chamber and let each of us spin around in his big chair.

Journalism also fanned my pride. As a 20-year-old intern on the liberal *Boston Globe*, I could go into a suburban Boston community, spend a day talking to people about a complicated issue, write an article filled with gross misunderstandings that was nevertheless correctly progressive, and the *Globe* would print it unquestioningly. My self-esteem increased further when, the day after graduation, I headed west from Boston on a bicycle and pedaled to Oregon, where I became a reporter on a small-town newspaper. With some physical toughness now to go along with my intellectual superiority, I would proceed to educate the residents of Deschutes County on the way things ought to be. I wrote snotty articles, and was surprised when the bourgeoisie took humbrage. My publisher tried to explain to me that I was not the center of the world, but I was quick to speak and slow to listen, so I grandiosely resigned and pushed further left: I had become a softcore Marxist in college, but I spent six months in 1972 writing a draft of the great proletarian novel and reading Marx and Lenin, and then joined the Communist Party USA.

I had it all figured out intellectually: Communists were the most enlightened heirs of the Enlightenment. There was no God who could change people from the inside out, and ordinary individuals were unimportant, anyway. Radical change could come only outside in, by shifting the socioeconomic environment; the only way to do so quickly and decisively was through dictatorial action by a wise collective of leaders who would act for the good of all—and I would be one of those leaders.

CPUSA activities—distributing party newspapers, playing chess at Party parties with Paul Robeson music in the background—were uninspiring, but I joined to ride on the big bear. The Soviet Union was then on a roll, with America heading out of Vietnam and apparently ready to retreat around the world. A trip in 1972 across the Pacific on a Soviet freighter and across my new fatherland on the Trans-Siberian railroad should have disillusioned me, but Lenin had said it would be necessary to "crawl on one's belly, like a snake," for the good of the revolution, and I was ready to slither.

In 1973 I worked at the *Boston Globe* again, with my Marxist perspective fitting right in, and then went on to graduate school at the University of Michigan, where professors were so impressed by my party-line theorizing that they wrote recommendations citing my "brilliance" and "genius" and upped my fellowship. (Get Marx. It pays.) Each month I filed my party dues—25 cents for the unemployed, ranging up to $6.00 for those in bourgeois comfort—pasting the dues stamps bearing Lenin's picture onto a genuine Communist Party card.



The party people I knew were like me: full of themselves and their own wisdom, and vindictive concerning anyone who might get in our way. Once, when I sneered to comrades that my Russian language instructor, a morose escapee from Moscow, had said that he would cut his throat if Communists ever came to power in the United States, one sweet young party lady said, "That old fool. He won't have to cut his throat—we'll do it for him." And I wanted to be there, at least holding the coats of those who wielded long knives.

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God had other plans, however. One day near the end of 1973 I was reading Lenin's famous essay, "Socialism and Religion," in which he wrote,"We must combat religion—this is the ABC of all materialism, and consequently Marxism." A small whisper that became a repeated, resounding question then appeared in my brain: "What if Lenin is wrong? What if there is a God?"

My communism was based on atheism, and when I was no longer an atheist I quickly resigned from the party, but not until 1976 did I become a Christian. The steps down that path were hesitant; two in particular were crucial. In 1974, with the original goal of merely satisfying a Ph.D. language requirement by improving my reading knowledge of Russian, I plucked from my bookcase a copy of the New Testament in Russian that I had been given as a novelty two years before. To my surprise, what had seemed like superstition now had the ring of truth. (It helped that I had to read it very slowly and puzzle over many words.) In 1975, when I was assigned as a graduate assistant to teach a course in early American literature, my preparation involved reading Puritan sermons. Those dead white males also made great sense to me.

WHEN I WAS A COMMUNIST I BELIEVED THAT MAN'S PROBLEMS WERE EXTERNAL, WITH REVOLUTION AS THE SOLUTION. CHRISTIANITY PUSHED ME TO SEE THAT THE PROBLEM WAS INTERNAL, AND THE ONLY CURE PERSONAL.

Fighting and kicking much of the way during the mid-1970s—I did not want to give up absolute freedom—I went through an intellectual change. But the transformation also went deeper. When I was a Communist I believed that man's problems were external, with revolution as the solution. Reading the Bible and sermons pushed me to see that the problem was internal, and the only cure personal. God, in a sense, reconfigured my psychology, so that the utter arrogance that had previously characterized me was gone. I remained a sinner, and still have periods of rotten self-centeredness, but ego normally does not control me as it used to. Reading the whole Bible helped me to confess sin, because apart from the New Testament, neither the full gravity of man's problem nor the full opportunity for redemption is clear. When I was baptized and joined a church in 1976, I did not agonize about leaving Judaism to accept Christ, because I had left Judaism a long time before; joining a church seemed like a coming home to the Bible, but this time the whole Bible.

Changes in my political philosophy were a subset of theological change. Freed from thinking of man as naturally good but held down by a bad environment, I began to see family and business as God-given aids toward the pursuit of true happiness. I became a partisan of governmental decentralization, for an understanding of original sin suggests that those who gain godlike power act like the devil.

At the same time, because people—including myself—are prone to sin, creation of a social environment that does not foster depravity is vital; American history is a story of striving for liberty and virtue. Furthermore, even in the face of social collapse there is reason to be optimistic. God can change people, no matter how messed up, as He changed me. One-by-one personal transformation leading to social transformation is a realistic goal. If we will pursue it not just by passing legislation or writing checks, but by serving one another directly, following Christ's example.

As I began to write from a nascent biblical worldview, my academic reputation began to fall. I received a Ph.D. in 1976 only through the support of the one conservative then in the Michigan history department, Stephen Tonsor. He came to chair my dissertation committee after the previous chairman, who had written glowingly about my intellect when I was spouting party dialectic, decided on reading a conservative-sounding draft that I had suddenly become stupid. Seeing the difficulty of building an academic career in such a politically hostile environment, in 1978 I joined the DuPont public affairs department.

By 1983, however, I wanted more freedom to research and write on my own, so it was back to academe and life within liberalism once again. During the next six years at the University of Texas, faced with a publish-or-perish mandate that for conservatives means do at least double the requirements or die, I dug deep but narrow holes in the history of journalism and public relations. Plus, since Christianity was central to my being, I began to couple implicitly biblical academic writing with writing that made the principles explicit.

As my wife Susan and I put our faith into action by volunteering in various ways, I came to believe that mustard-seed sized groups can grow and change America, because I have seen efforts that began at my kitchen table affect for the better a little piece of our country. For example, Susan started a crisis pregnancy center in Austin shortly after we arrived, and over the years that center has resulted in hundreds of lives saved or changed as women discovered alternatives to abortion. I believe to this day that the need for the center, and not anything in my own career, was the real reason God put us in Austin. I know that I am a sinner and do not have a particularly hospitable spirit, but if someone like me can occasionally do a few kind things, through God's grace, then I see no reason why many people cannot do the same.

The criticism I sometimes receive about proposals I've put forward for welfare replacement and social reform is that they are overly optimistic about what volunteers who offer personal help and spiritual challenge can accomplish. But my own experiences have left me convinced of the broad capacity of individuals, and by extension whole societies, to remake themselves.

The great hope for our society lies with the millions of ordinary people who in quiet ways do heroic things every day. If challenged, such individuals can do even more. People like my grandparents should not be underestimated or condescended to. They certainly don't need a political system that tells them what they must do for their nation. Rather, they need one that stays out of their way and encourages them as they daily go about caring for their families, their neighbors, and others in need.

Marvin Olasky, a professor at the University of Texas at Austin, is editor of World *magazine and author of* The Tragedy of American Compassion.

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Benjamin J. Stein

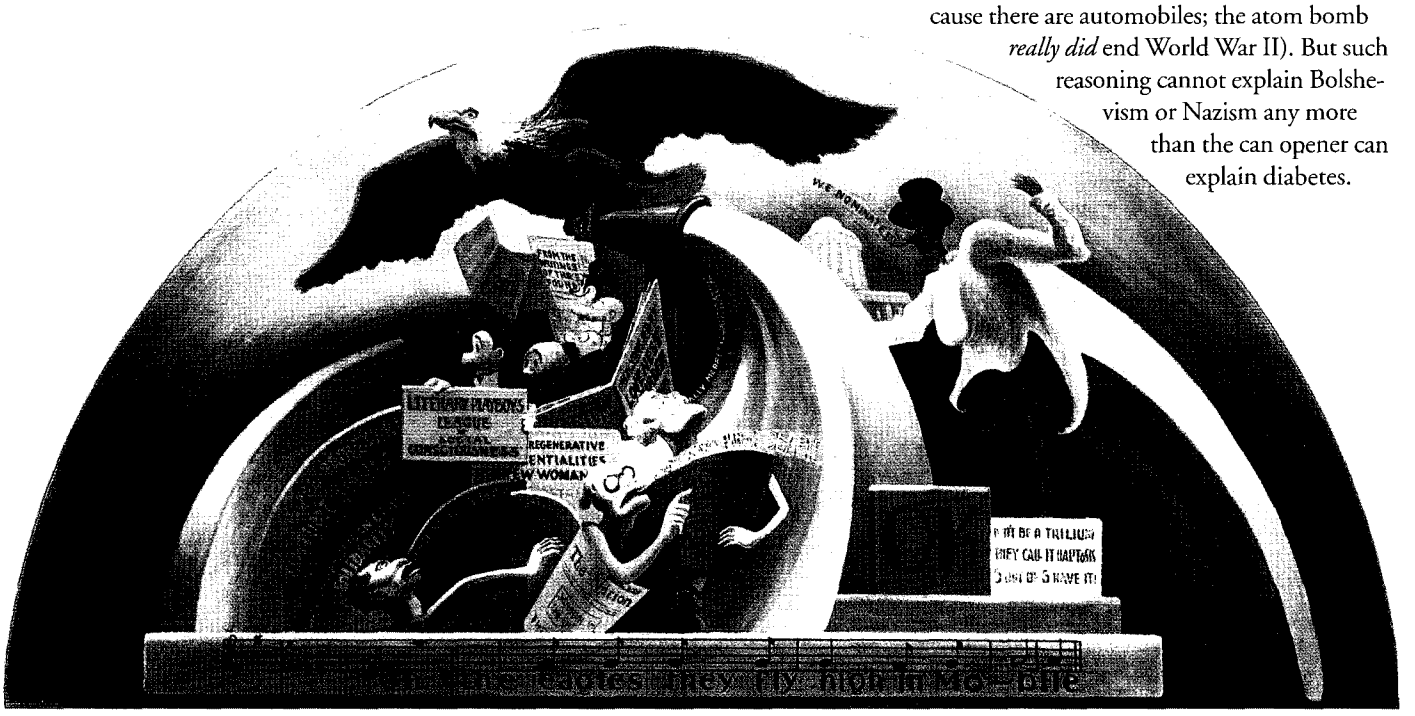
The Psychological Appeal of Socialism

Submitted for your approval: the idea that there is a direct connection between the psychological makeup of a person and his political convictions. Which is why socialism, or something like it, will never die. Socialist ideology, after all, satisfies some of our most potent psychological needs.

Start with the obvious. Karl Marx, in the most sweeping political formulation since "All men are created equal," said, "All history is the history of class struggle." It was a beguiling hypothesis, but it has fallen flat on its face. The working man is no more interested in struggling against the bourgeoisie than he is in watching the *Red Brigade of Women* at the ballet.

Class analysis of history has proved useful, however, as a means of providing well-paid work and power to intellectuals who are the best and most brutal at class analysis. It covers up otherwise naked usurpations of authority by people who want to control their fellow human beings. But the notion of history as a merry upward curve of scientific progress is sadly out of synch with reality. One need only think of the great material and scientific progress of the current century, along with its bloody toll in human life and suffering, to see the point.

To be sure, explaining the movement of history by reference to economic or technical factors is never totally disconnected from evidence (life *is* different because there are automobiles; the atom bomb *really did* end World War II). But such reasoning cannot explain Bolshevism or Nazism any more than the can opener can explain diabetes.



Political Business and Intellectual Ballyhoo, 1932 by Thomas Hart Benton, American, 1889–1975.
From the collection of the New Britain Museum of American Art, Connecticut, Alix W. Stanley Foundation Fund.
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What if, however, we follow another hypothesis and note the number of powerfully deranged persons who have been important in shaping history? Suppose we declare that all history is the acting out of mentally disordered persons bent on manipulating their neighbors? (Or more modestly, history is largely about the behavior of mentally ill people as they come into contact with the larger world beyond their imagination.)

What was World War I except the work of a megalomaniac Kaiser confronting a resolute allied power? What was World War II except the reaction of several paranoid maniacs—Hitler, Tojo, Himmler, Goebbels, Mussolini—confronted by some very sane people, especially Winston Churchill and FDR (allied with one deeply insane person, Josef Stalin)?

What is the history of Red Bolshevism but a struggle for power and control by some horribly psychotic obsessive-compulsives who used the rhetoric of class struggle, but could just as easily have used the Protocols of the Elders of Zion (and sometimes did) to achieve their personal ends and meet their psychological needs?

Who was Napoleon Bonaparte but a compulsive paranoid, needing to subjugate as much of the world as possible so he could impose on it the minutely detailed regulations he made up out of his head? What was Waterloo but the resolution of the conflict between control-addict Bonaparte and let-'em-be Brit Wellington?

But when maniac controllers like Lenin or Stalin or Brezhnev establish behavioral systems to keep people from doing what they want to, they are not acting alone. Bolshevism worked for as long as it did largely because there were a great many other people in Russia besides Stalin and Beria and Vishinsky who liked to boss people, and still others who, to take it much farther, liked being bossed. Likewise in Hitler's Germany: An authoritarian system provides many openings for commissars and planners and ministers of fear. It also solves a problem for people whose anxieties about how they should behave on a daily basis can be resolved by being ordered about. Think of the mobs of delirious Austrians and Sudeten Germans welcoming *der Führer*. Think of the worshipful crowds shouting "Perón!" Think of the old communists in Russia who even now lament the fall of Russian socialism and you've got the idea. Political command like socialism serves the psychological needs of certain human beings, just as political orders built on the blueprints of Jefferson and Madison appeal to people who like freedom.

Despite statism's grim history, there are still a lot of people in the United States demanding government regulation of society, lest they be unbearably threatened by successes and liberties of their fellow citizens. Representative would be the radical feminists who rail against the differentiations of nature and the occupational and domestic choices of their neighbors. The people who insist that no one ever be allowed to worship in school are similar. Extreme environmentalism, which can find an ecological justification for even the most minute controls, is a manipulative impulse, as is ideological vegetarianism, a movement that places truly exacting limitations on society and individuals. The architects of the Clinton plan for a national health care system that would have made it a crime punishable by prison to go to your own doctor—dangerously close to becoming law last year—are proof that controllers remain formidably present in powerful places.

> THE GREAT GENIUS OF SOCIALISM IS THAT IT RESPONDS CUNNINGLY TO THE HUMAN NEED TO COMMAND AND BE COMMANDED.

A certain kind of sick human spirit craves to command and to be commanded. The great genius of Marxism is that it responds cunningly to that need, satisfying a psychoneurotic need while clothing it in glittering moral garments. Marxism says, "We are instituting a system of rigid controls solely for the good of the little guy. For the sake of those who labor. For the sake of the poor. Only selfish oppressors will resist giving up their freedoms for this cause." For thoroughgoing domination that crosses over lines of sex, class, and religion, few movements can match the appeal of Marxism.

You can easily fit radical feminism, atheism, environmentalism, vegetarianism, and health-care bossiness under socialism: "sexual equality" must be preceded by economic equality in a workers' society; radical environmental protection requires keeping the resources of the earth for "the people" rather than private owners; and so forth. Socialism is the biggest umbrella available to control groups, large enough to encompass most any cause underneath.

For example, in American society socialism has had the most appeal in the university. There is a reason for this. University culture has an unmistakably childish aspect, for the obvious reason that most residents are themselves right at the edge of childhood. The essence of the childish personality is its need to command others, as well as a need for external sources of assurance and discipline. An Ivy League campus is a virtual hothouse of lavish orchids of childish personality and the hunger for control. Reflect on the image of children in universities sanctimoniously telling grown-ups how to behave about "racism," the environment, and "sexism," and you'll see what I mean.

Despite the real-world failures of socialism to deliver any conceivable form of human betterment, it and other forms of moralistic authoritarianism will still have appeal because of their psychological power. A centralized set of regulating rules—even if the rules are ineffective—offers safety to the meek, and opportunities for the cunning to accumulate power. History is largely about the working out of the psychological needs of people, not just about economic changes or the play of technology. Because socialism serves psychic needs and resentments that are real and may be growing (in the widespread absence of spiritual life), it is no more dead than the ancient impulses of envy, fear, and the wish for self-righteous control.

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SOCIALISM

An Opposing View by John B. Judis

If someone had claimed 60 years ago that prominent Washingtonians would be sporting Adam Smith ties, they would have been laughed at. In a similar way, there will be scorn for anyone predicting now that in two decades, American politicians and intellectuals may be wearing Karl Marx around their neck. To many liberals and conservatives, socialism and Marx perished on the day the Berliners started tearing down their wall. But let me risk derision by suggesting that socialist ideas remain alive and kicking.

During the nineteenth and early twentieth centuries, two utopian schemes vied for supremacy: laissez-faire capitalism and revolutionary socialism, or communism. Today, both have been discredited as comprehensive visions—the former by the depressions of the 1890s and the 1930s, the latter by the Russian revolution and the subsequent history of socialism in Asia, Africa, and Latin America. The more dogmatic exponents of laissez-faire economics have long since been forgotten (there never were "Smithists"). And only a fool would now describe himself as a "Marxist"—meaning a quasi-religious adherent to Marx's doctrine.

> WILL AMERICANS OF THE TWENTY-FIRST CENTURY WEAR KARL MARX TIES?

But that doesn't mean that the ideas spawned by those movements aren't relevant to the present. Here are some principles of Marxist thought and socialist politics that continue to be valuable:

The Marxist interpretation of history as a series of discrete epochs defined by different modes of production (slavery, feudalism, capitalism), driven, ultimately, by struggle over the economic surplus generated by subordinate classes remains useful.

Marxist theory helps us understand capitalism as an historical creation that depends for its existence on legal and social relationships, a creation that goes through successive stages (mercantile, competitive, corporate).

Marxists remind us that capitalism is an inherently unstable system that, without political contravention, ignores national boundaries, tends toward monopoly, cycles through boom and bust, and brings unequal results to individuals and nations.

Socialists aim to gain some control for subordinate classes over the process by which surplus is generated—whether through workplace reform or through the power of government.

There remains the socialist objective of winning for workers, through this struggle, the kind of liberty, leisure, and opportunity previously enjoyed only by the upper classes.

The first three of my enduring socialist principles derive from Marx and his followers, but have also been adopted in thinly disguised form by thinkers who claim to have nothing to do with socialism or Marx. (In *The Third Wave* and *Future Shock*, for instance, Alvin and Heidi Toffler, mentors to House Speaker Newt Gingrich, propound a kind of techno-Marxism.) The last two principles derive from European social-democratic and U.S. progressive-liberal political practice.

To my mind, the first and fourth principles have been battered most by the last century and a half of experience. It is difficult now to envisage socialism as a distinct mode of production that will follow what we now know as capitalism. It makes more sense, as historian Martin J. Sklar has suggested, to envisage the present as a mixture of capitalism and socialism that has superseded the stage of pure, laissez-faire capitalism.

It is equally difficult to envisage a popular socialist movement seeking to eliminate all vestiges of capitalism. The young Marx and many of his followers foresaw socialism as a negation of capitalism, in which money and market exchanges would eventually disappear. Clearly this vision is sheer fantasy. The socialist goal must now acknowledge the importance of markets and management.

But the quest for greater popular control over the economy—like the age-old struggle for control over nature—will continue to drive politics and define political alternatives. We are now living at a time very much like the late nineteenth century, when life seems subject to large impersonal forces over which the average citizen can have no control. Economists argued then that it was futile to seek wage increases and union recognition because of ruinous price competition among firms. Now defenders of the status quo argue that movements of capital and international currency make it futile to protect workers' jobs and incomes.

But just as the twentieth century learned to live with labor unions, the twenty-first century will have to learn to live with measures that regulate the flow of capital. The new "socialist international" could take the form of a merger of NAFTA and EU pacts, intended (unlike current trade agreements) to strengthen rather than to eviscerate international labor rights. It is unlikely anyone will describe this new international as "socialist." And I certainly don't think that future intellectuals will describe themselves as "Marxists" in the same worshipful way as past generations. But once the sordid memory of Soviet communism is laid to rest and the fervor of anti-government hysteria abates, politicians and intellectuals of the next century will once again draw openly upon the legacy of socialism. And who knows? They may even wear Karl Marx ties.

John B. Judis is a senior editor of The New Republic *and author of* Grand Illusion: Critics and Champions of the American Century.

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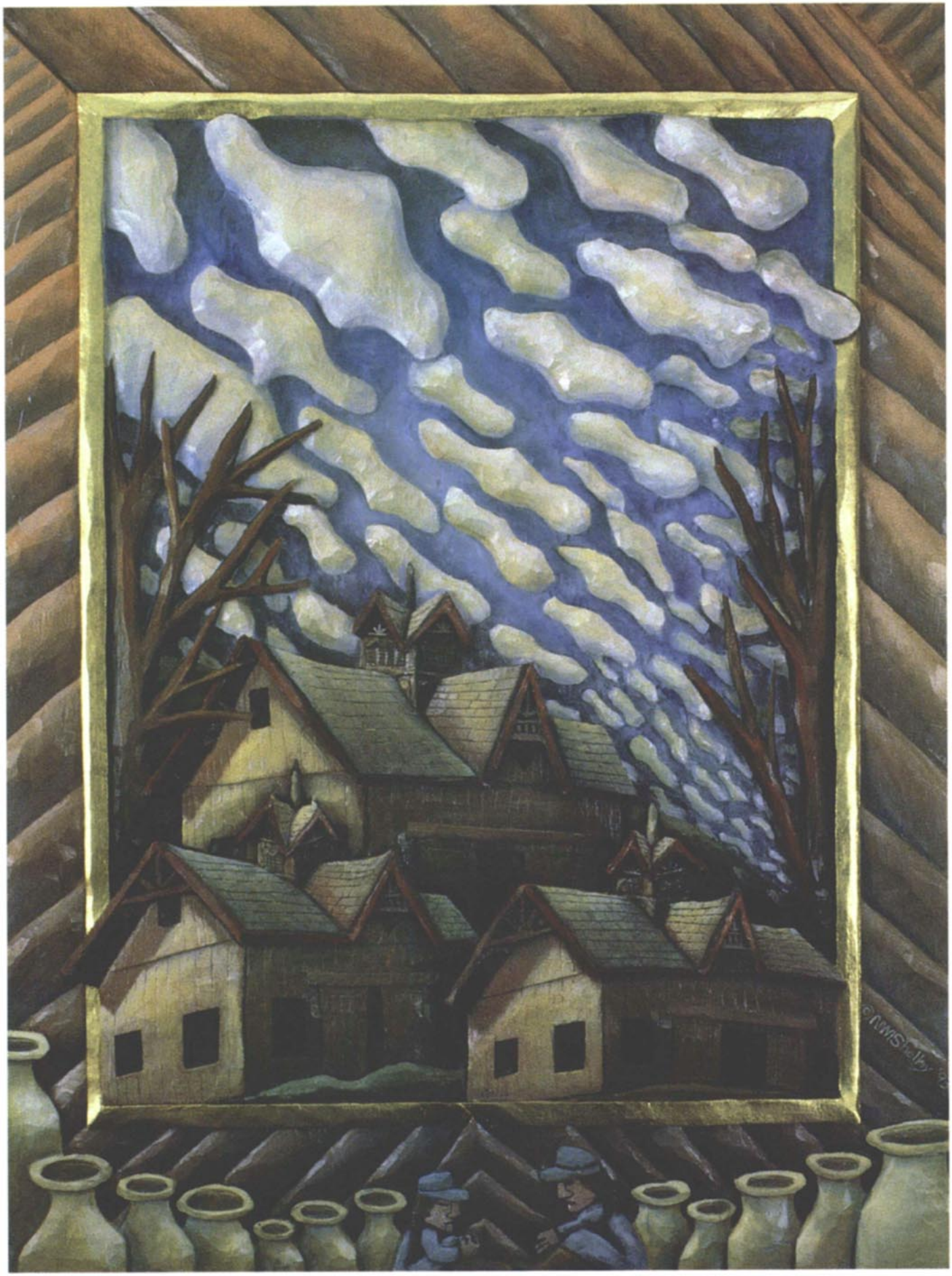
Illustrations by Mary Michael Shelley



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Farm Socialism

"Our economy is not agricultural any longer. Our economy is the federal government. We no longer till in Mississippi cotton fields, but in Washington corridors and Congressional committee rooms."

—William Faulkner

Can Americans Farm Without Subsidies?

by Karl Zinsmeister

Transport yourself back to 1933. Prohibition still reigns. There is no Social Security Act. Stalin rules the Soviet Union and Hitler has just become the German chancellor. Margaret Mitchell is working on a novel she will eventually publish under the title *Gone With the Wind,* and talking pictures have recently caught on. The Empire State building has been open for two years.

In Washington, production controls, price supports and other emergency measures are being imposed on the U.S. economy by new government agencies with acronyms like the NRA and the PWA. One-quarter of the nation's population still lives on farms and Henry Wallace—who will run for president in 1948 (with American Communist party support) on a platform of socialist reform and friendship with Stalin's Russia—is setting up a radical new system of state-managed production in the agricultural sector. The New Deal farm programs, described by their architects as "the greatest single experiment in economic planning under capitalist conditions ever attempted," produce sharp constitutional as well as economic and political opposition.

Now fast forward to the early 1990s. The NRA and PWA have disappeared without a trace. The Works Progress Administration and Civilian Conservation Corps are long gone. Socialists and Communists are no longer influential in presidential races. And the agricultural sector has shrunk from a quarter of the population to just 2 percent.

Henry Wallace's elaborate system of government planning and controls on agriculture, however, has changed remarkably little. The cropping and marketing cartels are still in place. Prices are still set in government offices located on Independence Avenue in Washington, D.C. Farmers must get permission to plant every year by filing detailed plans with government offices, spelling out in detail everything from field layouts to future cropping plans. Bureaucratic policies continue to favor bulk commodity production, even though the profit in agriculture has long since shifted toward processed consumer goods. "The Department's structure and management practices have remained largely unchanged since the 1930s," concludes a 1991 study by the U.S. General Accounting Office (GAO).

Today's farm subsidies represent a kind of time capsule—a rare bit of socialist orthodoxy that has survived within the federal government virtually unaltered since the heyday of the New Deal. "Only one other organization in the world has recently had anything like the supply control powers of the USDA's Commodity Credit Corporation, and that's the Soviet Union's former central planning agency, Gosplan," states Robert Thompson, former USDA economist and dean of the Purdue University School of Agriculture. One result is that the U.S. Department of Agriculture

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has an annual budget of $65 billion and pays generous salaries and benefits to 128,000 full-time employees, while there are only about 500,000 full-time farmers in the United States.

How did this come to pass? Why is it that even good Republican free-market types have steadfastly protected government farm programs? Is there any possible justification for the fact that the price of U.S. milk, for instance, is set by government employees working from an equation and set of rules that takes up three full volumes of the *Code of Federal Regulations*?

There is a creaky old argument that because of agriculture's vulnerability to weather and other external factors, and because food is important to national security, farming is a unique industry that requires special protections. To the extent that this was ever true, it is now mostly nonsense—thanks to modern transportation and trade, improved plant genetics and chemicals, and a million other little earthquakes that have shifted the world over the course of this century. The reason we have farm programs today is not because farming is some special kind of industry. It's because farm subsidies pay cozy political bonuses to congressmen.

THE REASON WE HAVE FARM PROGRAMS TODAY IS NOT BECAUSE FARMING IS SOME SPECIAL KIND OF INDUSTRY. IT'S BECAUSE FARM SUBSIDIES PAY COZY POLITICAL BONUSES TO CONGRESSMEN.

The proof that there is nothing intrinsic to farming that requires government subsidies is the simple fact that *most* American agriculture already operates free of government entanglement. Though the public and many politicians don't realize it, only about 30 percent of U.S. farms currently participate in a government payment program. The unsubsidized two-thirds of American agriculture includes more than 200 commodities, and not coincidentally this segment is the most profitable for farmers and the most efficient for consumers. It's not so surprising, then, that even among subsidized farmers more individuals currently want to cut off the programs than want to maintain the status quo (see our INDICATORS department).

Nothing fundamental requires one part of agriculture to be protected while the rest is not. Dairy producers say their product is too perishable to be traded on a free market. That may once have been true, but it isn't any longer in an age of refrigeration, reconstitution, and fast roads. Besides, eggs are also highly perishable, yet they aren't protected by any farm program, and that hasn't prevented Americans from having reliable access to fresh eggs.

California and Arizona orange growers claim they couldn't possibly get their crop to buyers in an orderly way and at a reasonable price without government marketing orders, which artificially restrict supply. Yet Florida orange growers do just fine without any help. Livestock and poultry growers, vegetable and fruit producers, and many others do likewise. The competitive successes of America's unsubsidized farmers confound the claim that agriculturalists cannot survive in a free economy.

One of the best ways to become convinced of the viability of free-market farming is to talk to a bunch of farmers who already make their living without subsidies. In 1990 I was able to do just that, courtesy of the Reason Foundation of Los Angeles, California. Over a period of several months of intensive research on farm policies I traveled to 13 different states and visited with scores of farmers in their barnyards and around their kitchen tables. The personal stories of unsubsidized farmers don't make it into the media nearly as often as do tales of woe from those on government programs, but they ought to. Following are some profiles.

Charles West is six-and-a-half feet tall, and broad. His speech is clipped, his energy level is high, and he walks with a pronounced limp—but fast. Vegetable farming is a quick-paced business, where up to three crops are harvested from a field in a single season, where you have only a few hours to get the job done when it comes time to pick, where tens of thousands of dollars worth of perishable goods can disappear in a blink, due to wilt, hail, or insect hatching. You've got to move to keep up with Charles West. Luckily, I've got him trapped in a pickup. The CB radio crackles with messages between combines, mobile managers, and farm offices. The cellular phone chirps irregularly. As we bang along the field road, we come upon an evening harvest. Eight migrant laborers and a fleet of machines stuff four mesh-sided tractor trailers with fresh spinach—sloe green and smelling like money. Within an hour the still-bleeding leaves will be swept away to West's 10-minute tunnel freezer. By early the next morning the entire great mound will be locked in crystalline suspension.

The farm lies on the Delmarva peninsula, a dangling tonsil of land rimmed with saltwater—the Chesapeake Bay to the west, the Atlantic Ocean just five miles east. The coastal land is as flat as a calm sea, which is critical for vegetable culture, since field moisture must soak in evenly and mechanical pickers need absolutely level terrain to jostle their quarry out of ground-hugging vegetation.

We circle to a nearby field where three massive, matching eight-wheel-drive tractors drag 10-point plows, shoulder to shoulder. As we watch, this 1,000-horsepower flying wedge turns a hundred acres of sandy earth into a dusty cocoa-colored powder. "Vegetables are terribly hard on the land," West booms above the telecom cackle. To put humus back into the soil and break pest cycles, he alternates vegetables with more traditional field crops. "After growing spinach—hey—barley or wheat or soybeans are like an antiseptic on a sore. We plant them for that reason, though we don't expect to make money from them."

West and his son, Stanley, farm 8,700 acres, nearly two-thirds of that in multiple crops of peas, lima beans, sweet corn, cucumbers, carrots, and spinach. Their Milford, Delaware, operation is the second-largest vegetable farm in the 23-state northern region, according to *American Vegetable Grower* magazine.

Vegetable growing is big business—accounting for 15 percent of total U.S. crop receipts these days and growing fast. It is also far and away the most demanding segment of farming. Eighty-five percent of West's land is irrigated by massive spray

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booms. That investment has proved a godsend in the heat and dryness of recent years, but it is expensive. Vegetable farming costs from $500 to $1,000 per acre, compared to $400 to $500 for the next most intensive crop (rice), and approximately $200 to $300 per acre for wheat or corn. Growing vegetables also makes heavy demands on management skills, and it requires hired labor. Charles West Farms employs 26 full-time workers and 22 seasonal hands.

But there is a lot of money to be made in return for these efforts. West started from nowhere, leaving a furniture store job in 1953 with nothing but a $24,000 loan he somehow talked a local banker into staking on a lima bean visionary. Today, his farm grosses $4.2 million a year; his packing operation brings in another $10 million. So where are the local imitators of this one-man farming tornado?

In the main, they're farming something a lot less risky: government row-crop subsidies. Though vegetable growing has greater profit potential than any other type of agriculture, its rigors scare away lots of farmers. As a result, two-thirds of our broccoli and cauliflower are now grown abroad, as well as much of our green beans, peas, strawberries, and other produce crops. West evinces little sympathy for his more timid brethren.

"It's simple: they're lazy," he barks. "It's *easy* to grow corn, any half-wit can do it. Most of those guys on the programs only actually farm for 9 or 12 weeks of the year. They don't want to have to think about anything during the winter. They don't want to mess with hiring labor. They'd rather get a boat and go to Florida."

What frustrates West most is the way government programs encourage warped farming. Since he built his freezing plant, he has had an opportunity to deal with many of his neighbors from the vantage point of a processor as well as a fellow farmer. "Look," he says, "there are no vegetables in the country right now available to packers. There isn't any sweet corn, no limas, no peas. None to speak of. If I want to make up some mixed vegetable bags at my freezer plant, I've got to look for supplies outside the country.

"Right now, I got a load of peas in from Poland—full of snails! Junk. But you can't tell until they come in. If I had my

One Option for Small Farmers

Thursday evening is delivery time for Steve Smith's food guild in Louisville, Kentucky. In an Episcopal church parking lot, Steve and his two nephews unload apple crates full of vegetables and melons, as Steve's customers drive up, say hello, then fill a bag with their share of the produce. The amounts they can take are listed on cards attached to each crate: "8 large or 12 small" above the potatoes, "small handful" on the New Zealand spinach.

Steve is a slight, quiet man, the third generation to farm several hundred acres in Bedford, Kentucky, about 40 minutes east of Louisville. He is a former market gardener who for years grew melons and tomatoes and sold them to stores and restaurants. But in 1989, after reading a book by Maine farmer Eliot Coleman, Steve switched to growing a wide variety of vegetables, herbs, and fruit, which he markets directly to about 80 families. His subscribers buy shares in a season's crop, and pay their money up front in the early spring. Then, from late April to mid-December, they receive an average of a half-bushel of vegetables per week, all organically grown.

Some people call this a food guild, or subscription farming. Steve uses the term community-supported agriculture (or CSA), and sees it as a potential savior of the small farm. With its emphasis on organic soil enrichment, marketing without a middleman, and selling locally grown produce to nearby customers, CSA offers the small grower a simpler alternative to traditional farming.

CSA farms require little land; Steve says he could feed 100 families on the approximately four acres he cultivates for vegetables. Capital expenditures are low, because those few acres don't require big pieces of equipment (a large tiller is the costliest item). If one crop fails, Steve has a dozen others ready to harvest. He has a guaranteed market for his crop. And he receives his money up front, so he no longer has to buy the seeds, soil amendments and greenhouse supplies he needs to start the season with savings or on credit. In return, Steve's customers receive a variety of fresh organic vegetables unavailable in any Louisville grocery, for a price at or below what they'd find at the supermarket. Both parties also get the intangible benefit of knowing each other.

Steve also raises cattle and his allotment of tobacco. Between the three he makes a decent wage, for which he works very long hours during the growing and calving seasons.

Kentucky and other states are being hurt badly by the shrinking market for tobacco, which is an important cash crop for many small farmers. They need to find a way to replace that income. Steve believes one answer is CSA, and points to himself as a former skeptic. "I was a traditional farmer, as traditional as you can get," he says. The best argument he has for converting is his own success.

—Katherine Dalton

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choice, I'd never deal with those particular suppliers again. But we will, because we can't get enough American farmers to grow this stuff!"

He continues, "I've also got some frozen Polish green beans a grocery store chain brought me for packaging. They were supposed to be snapped in 1 1/2-inch lengths. Well, they arrived in 4-inch lengths. *We can't fit them in the boxes!* We have to put up with this kind of quality crap all the time, because American farmers are all too busy growing wheat and corn and other subsidized stuff so much in surplus we don't know where to put it, instead of growing unsubsidized vegetables.

"I used to have 8 or 10 growers in this area who ran their stuff through my freezing plant. This year they all dropped out because they can make more growing crops with government payments. So I had to go out and lease some land and get another harvester to keep up with my customers' demands for frozen vegetables. I'm currently packing 22 million pounds of product in my plant. I've got capacity to pack 28 million pounds. And I could sell 55 million! If I could get it."

Asked for his opinion on the best solution, West is even blunter. "These guys all want to do things like they always have, instead of getting with the times, specializing, taking some risks, hooking up in co-ops. The only thing to do now is starve them out. Put 'em on the street. It's this simple: there should be no subsidies in farming."

Texans are notably open-minded about speed limits, and as you flash out of Dallas it doesn't take long until you begin to get into some hilly, tree-covered land. Approaching Richland (pop. 260), the ditches and roadsides along Farm-to-Market Route 3194 are thick with great splashes of Texas wildflowers: buttercups, primroses, fiery spikes of Indian paintbrush, and yellow tumbleweed blooms. And of course bluebonnets, the lupinelike natives that stain entire pastures an unnatural azure and drench the air with a sour perfume.

I pull up the gravel road leading to Bobby Wilson's small split-level house and discover that it perches on the edge of a great fault-line. Down below, a valley stretches forever, dotted with tree clumps, watering holes, and cattle. Bobby Wilson's cattle.

Wilson is a thin, sandy-haired man, quick to make a point, with the cautious and skeptical temperament you might expect from a father of four daughters. He runs 150 cows with some bulls, and every year they produce a crop of offspring that he either sells for fattening or grazes himself to yearlings. At any one time he has up to 600 head of beef on hand.

Wilson is a small-scale but respected rancher in the nation's leading ranching state, where 12 million cattle are sold every year. He is active in the Farm Bureau and the Cattleman's Association and is up on the latest developments in breeding, marketing, and exporting. And he knows exactly what he wants Washington to do for him in the next farm bill: "The best thing the government could do is stay out of the way," he says quietly.

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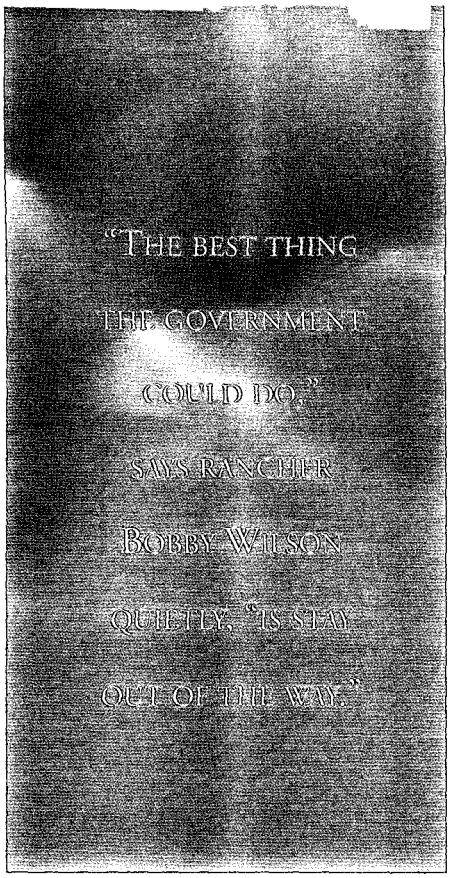

The constantly changing rules, the subsidies for competing products, the elevated costs of inputs, the distorted markets—these are his experience of farm programs. And Wilson worries that thanks to the increasing politicization of American agriculture, the next farm bill will become a target of Washington-based environmentalists. Then he will be saddled with a heavy load of new controls and regulations, despite never having received a government check in his life.

Wilson concentrates on doing one thing well. Other farm families these days are finding it advantageous to diversify. Take the Baxters, of Stockley, Delaware: Jim Baxter is a jowly, unpretentious man, feeding a smoky trash fire and loading junk onto a truck when I find him in his barnyard. The day before, a tornado had touched down and destroyed part of his grain bin and elevator, a reminder of the unpredictable natural environment within which farmers work.

"There's been a Baxter farm here since 1903," he explains, "but it's changed a lot over the years." With his two sons, Baxter started a farm-machinery parts business on the premises to supplement seasonal crop income. They also put up a string of chicken houses.

The modern broiler industry was born nearby, in the area where Delaware, Maryland, and Virginia meet, and it has broken into specialized components on the way to becoming a super-efficient business. Large companies like Tysons and Perdue Farms supply day-old chicks, special feed, and technical advice to growers, and then buy the mature birds for processing and marketing. In between, nearby farmers provide the careful attention and efficient husbandry needed, and, in the process, generate a predictable cash flow for themselves.

Every few weeks, flocks of 50,000 to 100,000 birds circulate through the Baxters' controlled-environment chicken barns. Though they require careful watching, the chickens remain a sideline on a relatively small piece of family land. Between the chickens, the parts business, and the older grain-raising operation, Baxter Farms is a multi-faceted business, with labor and financial demands smoothed and balanced out.

Despite the tremendous productivity they make possible, the new patterns in broiler raising are controversial with some farmers, who consider contract-growing just one step above being a hired hand. They worry that this trend could ultimately turn some farmers into little more than assembly-line workers without much independence.

Not all farmers, though, want the responsibility of running a complicated top-to-bottom business. Many complain about the heavy capital investments that farming requires today, the difficulties of managing so many different facets of an operation, and the crazy swings they face in commodities markets. Contract growing relieves farmers of these burdens. It brings infusions of money, machines, and management help. It moves price risk to the supplier/processor's shoulders. And it can make a bigger pie for everybody, because integrated processors like Frank Perdue can do sophisticated marketing and advertising that individual farmers cannot.

Harry Mitchell, a contract grower who raises (without hired help) more than half a million chickens a year on just 10 1/2 acres near Berlin, Maryland, points out that farming was dying in the Eastern Shore counties around his place when the eight integrated companies reorganized local chicken production. Today, the region is the most concentrated broiler producing area in the United States, sending 150 tractor-trailer loads of poultry across the Northeast every day. This provides a huge market for local corn and soybean growers, and spreads ripples of prosperity through a territory that was once one of the poorest on the north Atlantic seaboard.

One of the few good things to come out of the grief that Randy Justiss experienced after losing an 18-year-old daughter was the rethinking it inspired. "I spent a lot of time just sitting here," he says, "mulling lots of things." His period of withdrawal led eventually to a fresh willingness to approach old problems in new ways. That winter he finally sat down and learned to be comfortable with the IBM PC he had bought four years earlier and never used. Today he follows real-time quotes of commodities futures and options prices in Chicago and Kansas City. He can punch up a weather advisory or a crop report at his office terminal. Recently, he and a brother-in-law became partners in a grain elevator. They bought local farmers' output on forward contracts and immediately sold the promised goods back to brokers in the commodities centers.

With his son and one Mexican-American helper, Justiss farms 2,700 acres of wheat and milo. He is one of only about a dozen farmers left in fast-growing Dallas County, but he has found a way to prosper in spite of the high land prices development has brought on. Except for the site of the barn where he stores his three tractors, two combines, and other vehicles and rigs, all of his land is now leased. He is gradually going to lose access to his fields, he knows, as subdivisions and industrial parks creep outward from Big D. Meanwhile, he is able to do quite well—because speculators keep rents low so they can take advantage of agricultural-use property tax reductions.

Justiss dropped out of the federal wheat program in order to be free to lease as much land as he could lay his hands on and put it all in wheat. He also has experimented with buying put options in the futures market to hedge much of the crop and reduce his price risks. In short, Randy Justiss is bursting out all over. He is running his farm like the capital-intensive, speculative, highly modern business it is.

A barrel-chested, deep-voiced man in a plaid shirt and a cap, Justiss is a model of the new American farmer—hard-working and rugged as ever, but also fastidious and attentive to mental detail. As I sit watching in his tidy office he tickles a price quote for July wheat out of his computer. "It's easy when you're a farmer to just keep on doing things the way you've been doing them," he admits. But habitual ways are beginning to change all across agricultural America, in some places fast.

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Farmers are computerizing. They are beginning to form marketing clubs with pooled money and information as a way of initiating themselves into private commodities trading. They are setting up accounts with brokers. They are diversifying into new ventures. They are adopting new technologies. They are self-insuring against weather hazards and price downturns. "As people get started," says Justiss, "word of mouth spreads. And when folks get so they understand it and realize what's now possible, I guarantee they will be interested."

Rather than just concentrating on one stage of the growing process, the best farmers are beginning to capture more of the agricultural profit that once went to middlemen. Justiss's grain elevator is one example of this. Wheat grower David Magness of Royse City, Texas, got a spraying rig and buys wholesale chemicals so he can do for himself what he used to hire out. And Charles West uses his freezer not only to process his own crops but also to pack branded vegetables for wholesalers and retailers, in the process generating more than twice as much income as his farm operation produces.

After years of relying on others to guard their economic security, farmers are taking measures to increase their competence and flexibility, to protect the birthright of their farm equity, to increase their economic independence, and cut their reliance upon the federal sugar teat. A privatized structure of agricultural income support rises skyward. And the dead hand of *diktat* economics, many farmers confide, will not be missed.

Karl Zinsmeister is editor in chief of The American Enterprise. *His four-article series on U.S. agriculture for* Reason *magazine won the 1990 Oscar in Agriculture, presented by the Agricultural Editors' Association for excellence in reporting.*

MY BROTHER [illegible] DAD, AND I MADE OUR ANNUAL TREK TO THE LOCAL OFFICE OF THE FEDERAL AGRICULTURAL AGENCY TO RECEIVE PERMISSION TO PLANT OUR STRICTLY ALLOTTED CROP ACREAGE.

A Farmer's Plea: Trade, Not Subsidies

by Blake Hurst

The Senate Agriculture hearing chamber was standing room only. The television cameras were in place, and Senator Richard Lugar (R-Ind.) brought the hearing on the 1995 Farm Bill to order. The title of the hearing was "Market Effects of Federal Farm Policy." I had been invited to testify as a token free-market-favoring farmer—sort of a Kim Philby in overalls. I felt more at home after Sen. Lugar read his opening statement. The senator's diagnosis was very close to the testimony I was about to give on the problems with farm policy. Simply put, yesterday's farm programs—designed to help yesterday's farmers—hurt today's farmers, who are beginning to chafe under the yoke of the old ways.

First to testify were the two Democratic senators from Wisconsin—Kohl and Feingold—who were mad about the way the government treats Wisconsin dairy farmers. Milk is sold under a series of government marketing orders, set up in 1937, using an archaic formula that sets prices depending upon the distance from Eau Claire, Wisconsin—because that was the center of the dairy industry in the 1930s, and the prices reflect transportation costs from there. These days, there are vibrant dairies all across the country, but the Department of Agriculture seems not to have noticed. Sen. Feingold allowed as how Wisconsin farmers might rather operate in a free market than under the present system of centrally set prices. Now there is a breathtaking idea.

The senators were followed by Bob Bergland, Jimmy Carter's secretary of Agriculture. Bergland is a long-time supporter of old-line farm programs, but even his testimony envisioned some rather drastic changes. He received headlines for his call for an end to export subsidies, or "EEP." (Farm programs are full of acronyms and complexity. One reason farm subsidies have lasted so long is because they are totally incomprehensible to anyone outside agriculture. I'm convinced Richard Lugar is running for president because he can't stand the thought of presiding over the Agriculture Committee any longer. The complexities of Bosnia pale to insignificance after you've spent a few sessions worrying about the CCC, ARS, FmHA, FCA, CRP, ACR, and other arcana.) Anyway, Bergland would do away with export subsidies, even though our present ones are within the "green box" of subsidies allowed by international agreements. No, I don't know what the green box is either, but if your export subsidies are outside of the green box, it's really bad. Bergland's recommendation is rather controversial, as our export subsidies run about $2 billion a year, while Europe subsidizes her ag exports at about $10 billion per year, and many farm policy experts oppose the United States' disarming in this extremely silly trade war.

Bergland would also limit payments to individual farmers, phasing out payments after the first 5,000 bushels on the theory that a little bit of subsidy is OK but a lot is bad. The mainstream farm groups would oppose this change to their dying breath. The rationale for farm programs is supply control: attempting to keep crop prices high by limiting output, which is done by paying farmers to keep land idle. But if large farms are outside the program, then the supply-control rationale is lost and farm subsidies begin to look like welfare payments. Cutting off payments at a specific ceiling also encourages farmers to undertake esoteric legal maneuverings that can, overnight, pro-

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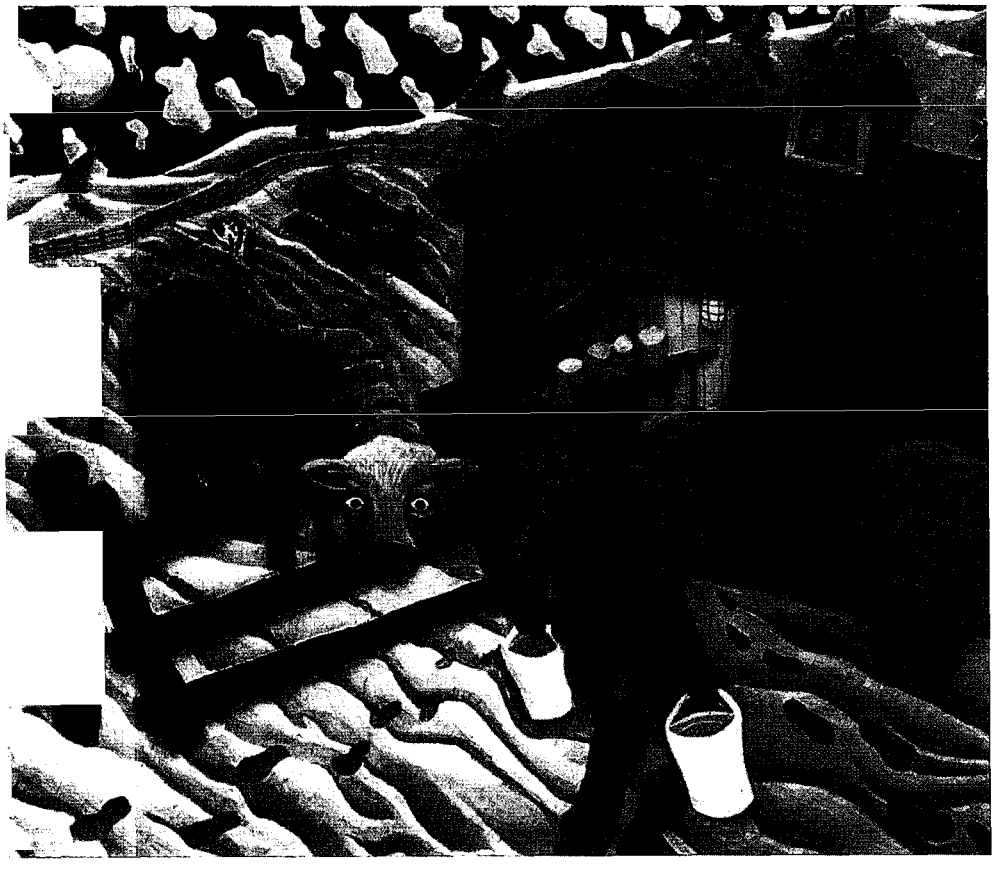
duce thousands of new farms that qualify for their own additional payment (in the name of spouses or children, most often). When asked about this, Bergland replied that we would just have to throw farmers in jail for bending the rules.

The eight senators in attendance during Bergland's testimony questioned him carefully and at length about his remarks. The cameras were rolling, and farm broadcasters all across the nation used clips from his testimony in their farm reports the next morning. I was to testify next, but before I could even sit down in the witness chair, most of the spectators left, the senators departed, and the cameras were trundled off to more newsworthy prey. Chairman Lugar was the only remaining senator, and he alone was subjected to my testimony. (Probably made the snows of New Hampshire seem rather inviting.)

Debate about farm programs has been particularly heated this year as the possibility of major change hangs in the air. Sen. Lugar's recommendations for a farm bill include $15 billion in cuts in farm subsidies over the next five years, though farm programs have already been cut by 50 percent in the past five years. There would still be government programs, I suppose, but they would cost much less and intrude much less on the way agriculturists operate. There is a great deal of trepidation in farm country over Sen. Lugar's recommendations, but I think that fear is unjustified. And that is how I testified in that suddenly empty room. (My wife did stay—possibly because I had her plane tickets in my pocket.) Farm programs, I explained, carry significant costs to farmers, and by describing exactly how I would react to a cut in farm subsidies I showed how I might actually farm more efficiently and profitably without the constraints of the present farm programs.



You see, the U.S. Department of Agriculture currently makes all of the planting decisions on our farm. In the past few years changes in the farm programs have allowed me a bit more flexibility, but I still plant more corn and less soybeans than I would without the programs. It is much healthier for the land to rotate corn and soybeans every year, and my costs of production would actually be lower if I planted that way. Yet I never do—because we want to keep the corn-program checks coming.

When I started farming, with my newly minted college degree, my plan was to ease up on our land by planting more soybeans. My father, with considerably more experience in the ways of the world, urged that I should preserve my "base." Base is a farm's historical record of plantings of subsidized "program crops." You are subsidized according to how much of a program crop you grow over the years, and if you plant less than your historical average one season, your subsidies will be lower in the following year. Dad was rather adamant about protecting my corn base, even though this would make my current profits lower. Not too many years later, when subsidy payments underwent one of their periodic upward spurts, corn base became more valuable than ever, and my father, and lots of other farmers like him, murmured, "I told you so."

Before my trip to Washington, my brothers, my dad, and I made our annual trek to the local office of the federal agricultural agency to receive permission to plant our strictly allotted crop acreage. We must revisit the office after all of our crops are in and certify that we did exactly what they told us to do. Each year, my father spends a couple of days driving over our farm with a tape measure and red flags. Since rivers, fences, ditches, and property lines pay little attention to farm programs, we must split our fields willy-nilly so that our acreage of corn and idled acres fall within the bounds of the program. We go to all of this trouble in order to qualify for subsidies, and any accounting of what farm life would be like without government programs should take into account the benefits to be gained from eliminating all these regulatory hassles and limits and their deadening effect.

Another long-term benefit of reducing farm programs would be reduced farmland costs. Most, if not all, of the benefits of farm subsidies are bid directly into the cost of farmland (another reason farmers stick with the limitations of subsidized growing even when planting something without subsidies would be more immediately profitable). The first question a farmer asks when the neighbor's farm comes up for sale is how much subsidy it carries with it. A cut in farm subsidies would immediately drop my cost of production by lowering land costs. It would also make it easier for young farmers to get into and stay in the business. Today's farm programs transfer

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money from beginning and younger farmers who rent their land, to older, more established farmers who own farms.

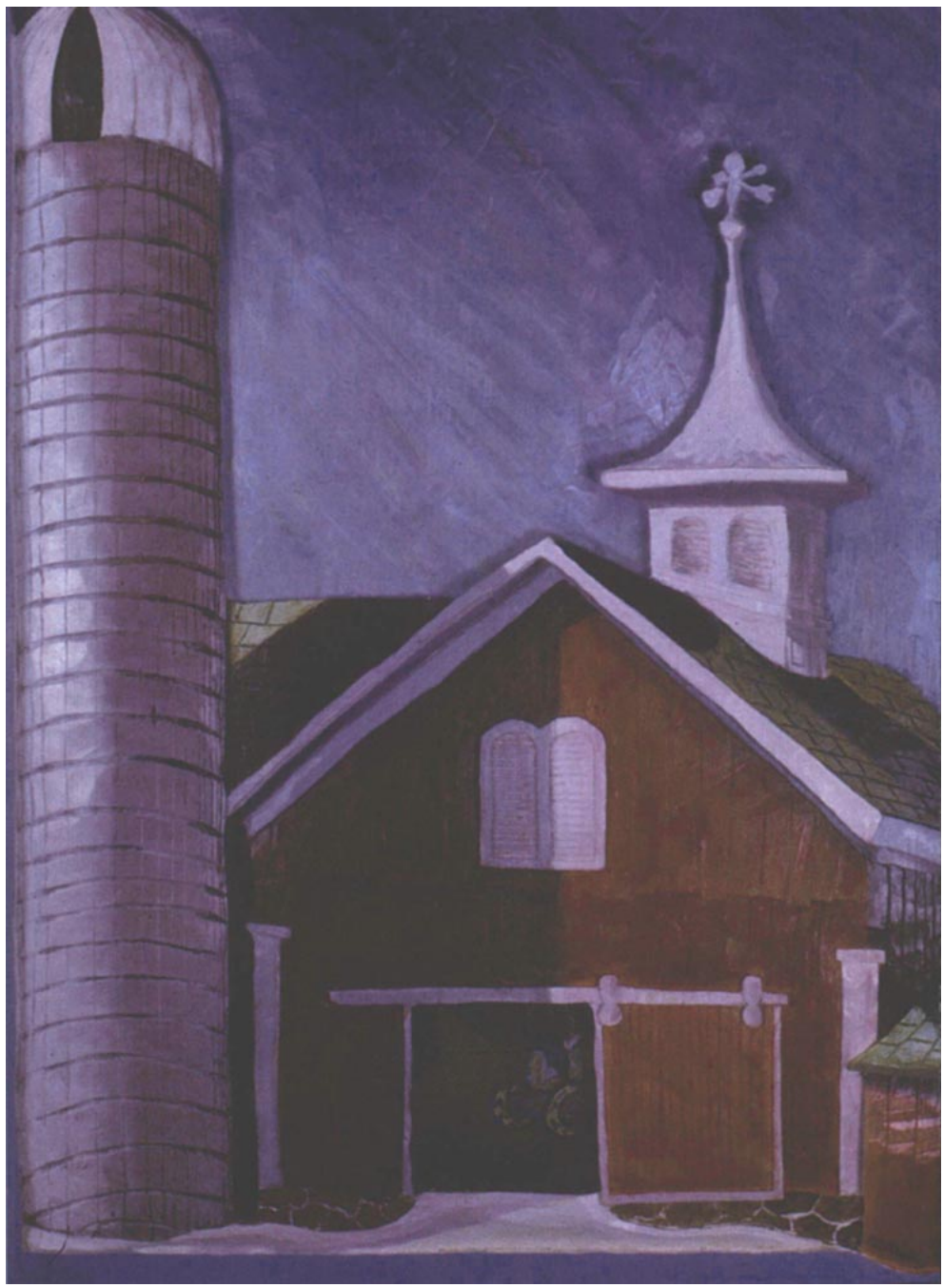
Another penalty farm programs exact on their supposed beneficiaries is chronic build-up of grain stocks. Surpluses built up by the government in the process of supporting prices eventually have to be dumped back on the market, and this sharply reduces profits just when farmers would otherwise be making money. Without farm subsidies, or with subsidies at reduced levels, price swings would no doubt go lower, but profitable times would also be better.

In the past several years, the total costs of farm programs have been cut in half. Farm subsidies are the only major domestic program to receive less funding in absolute terms than a decade ago; so you can't blame farmers for being slightly cynical when the talk in Washington is of trimming budgets. It seems that federal spending is cut alphabetically and loses momentum after Agriculture. Equity demands that any budget cuts be spread across many programs, with agriculture taking its fair share.

I ended my testimony before the Agriculture Committee optimistically, with a review of the great opportunities that await American farmers today. We corn farmers, for example, have raised record crops in two of the last three years, yet in 1995 will have to raise a better-than-average crop just to keep our stocks of grain from falling to dangerously low levels. (Thanks to heavy spring rains that have delayed planting in the Midwest, this is unlikely to happen.) The reason prices are staying strong even with high output: exports. As of this January, our total exports of corn were up nearly 20 percent over the previous year. Exports to Mexico increased tenfold (although the peso crisis is likely to slow that growth), and exports to other Western Hemisphere countries increased by 50 percent. Meanwhile, China, previously a net exporter of grain, is no longer, and our exports to her burgeoning middle class and those of her Asian neighbors increased fourfold (see export data in INDICATORS).

American agriculture's export bloom is not limited just to bulk commodities. Our shipments of added-value products like meat and milk are also increasing. Experts refer to the "icebox" effect: When the per-capita income of a country nears $1500, people can afford refrigeration, and when they have a refrigerator, they improve their diets by increasing their consumption of animal products. More and more countries are reaching the "icebox" level, and the economic growth that will result from the passage of GATT and NAFTA is likely to hasten the trend. Total U.S. exports of broiler chickens and beef have increased 500 percent during just the last decade. The University of Missouri forecasts that exports of poultry products will more than double again in the next 10 years.

In the past, American farm exports have been dragged down by two policy decisions, one by us and one by our competitors. In its 1977 and 1981 farm bills, Congress set guaranteed minimum grain prices at well-above-market levels. Having provided this massive incentive to overproduce, lawmakers then had to require that farmers, in return for their subsidies, take land out of production and hold it idle. Farmers receiving artificially high prices for artificially low production did allright overall, but the costs to the government were massive. Worse, we legislated out of



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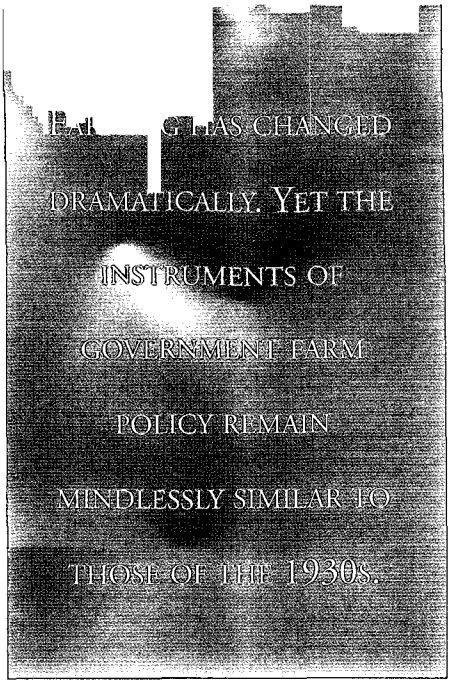
existence any inexpensive grain surpluses that could be sold abroad. Our previous exports headed south, literally, as Brazil and others took over the markets we foolishly handed them. We've since corrected this mistake by reducing the government's minimum-price guarantees in the 1985 farm bill, but many of our former customers have never been won back from the competitors we essentially set up in the business—by holding over them for several years an umbrella of artificial shortages and high prices caused by government programs.

The second policy decision that has affected our exports has been the Common Agricultural Policy of the European Union, which subsidizes food production in Europe and then dumps the surplus in the world market. As Senator Kent Conrad (D-N.D.) pointed out at our hearing, the Europeans have purchased our markets with billions and billions in export subsidies. But thanks to the GATT trade negotiations the volume of Europe's subsidized exports will fall by 21 percent over the next five years, and the total amount of subsidy will decline 36 percent.

The 1995 Farm Bill is unlikely to repeat the export-killing mistakes of the last decade's farm legislation—high government-guaranteed prices and huge land-idling schemes. The danger exists, though, that new disasters will be engineered on environmental grounds. Wetlands regulations, endangered species protection, pesticide restrictions, sharp environmentalist-driven changes in water management, and various land-use controls all inhibit our ability to raise food. Environmental protection is important, of course, but the costs and benefits need to be carefully weighed. Even with the new Congress, temptation will remain to use environmental problems as a reason to embark upon the same sort of supply-management schemes that have proved so deadly to our exports and prosperity in the past.

Politicians can be quite creative in ruining business markets. I well remember that Sunday morning in the early 1970s when President Nixon placed an embargo on the export of soybeans because he thought that domestic prices were too high. By eliminating export sales, he hoped to lower demand and reduce prices. Dad and I had just finished the chores and gone to town for a cup of coffee down at Kretchmer's grocery store. President Nixon was the main topic of conversation, and Woodward and Bernstein were kind compared to what my friends and neighbors had to say about him. On that day at least, they would have preferred to forget about the government's helping hand and just sell their crops to whoever wanted them, at whatever price the market would bear.

It's been a long time since we worried about exporting too much, but with the passage of GATT and NAFTA, the export picture is brighter than it has been in 20 years. The gains made in NAFTA must be continued, and the cuts in export subsidies that the Europeans agreed to in GATT must be carried out. I can raise corn as efficiently as anyone, but I'm a little weak on enforcing trade agreements. The U.S. government must encourage free and open trade in international markets, and we farmers must be allowed to profit from exports, even if domestic food prices increase.



When my grandfather enrolled in the first farm programs in the 1930s, he farmed with mules and horses and walked most of his grain to town in the form of cattle and hogs. He was only marginally involved in the cash economy, and still tells of living for a whole summer on $16. Today, I have a computer, a satellite dish that keeps me in touch with the international grain trade at a 15-minute delay, and we farm eight times as much land with less labor. Farming has changed dramatically. Yet the instruments of government farm policy remain mindlessly similar to those of the 1930s.

My neighbors and I now raise blue corn for Mexican tortillas, white corn for burritos, soybeans for export worldwide, and popcorn for microwaves all across the country. None of these crops are covered by the traditional farm programs, because they weren't grown in 1933. My corn is exported to Bangkok and Mexico City and Santiago—all markets that didn't exist in 1933. Doesn't the worldwide agriculture of the '90s deserve better than my grandfather's old government-knows-best farm policy?

A regular contributor to The American Enterprise, *Blake Hurst tills several hundred acres near Tarkio, Missouri.*

The Last Farm Bill?

By Timothy J. Penny

The 1994 mid-term election has radically changed farm politics in Congress. For six decades, Democratic majorities in Congress protected a system of farm subsidies first established in the depths of the Great Depression. Now, with Republican majorities in the House and Senate, old coalitions are dissolving, and real reform is possible.

Traditionally, congressional Democrats maintained a united front when considering farm legislation. Though farm-state Democrats were a distinct minority within the party, urban Democrats typically backed farm legislation out of deference to their rural colleagues. In return, the farm-state Democrats who controlled the Agriculture Committee consistently approved generous allocations for the food stamp program cherished by urban Democrats (most recently, a $7 billion increase in the food stamp kitty as part of Clinton's first budget). This sop helped urban Democrats overlook large farm giveaways.

I am embarrassed at the role I myself once played in maintaining dubious farm programs. The worst example is my silly devotion to a subsidy for beekeepers that I knew was un-

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necessary. The program started during World War II, when sugar was scarce and the military was using beeswax to waterproof ammunition, and was subsequently used to bolster honey prices and ward off cheaper imports. This brought two problems: The subsidies encouraged overproduction because the government was committed to buying surplus honey, and most of the subsidies were garnered by just a handful of the largest and most profitable beekeepers.

I talked myself into this the same way most lawmakers do. I told myself that the honey program was so small it wasn't worth cutting. At its height in 1986, the subsidy cost $89 million, or less than 0.2 percent of the $59 billion the nation spent on agriculture that year. Though I knew critics were right, I voted with my committee and backed the program almost every time.

FOR SIX DECADES, DEMOCRATIC MAJORITIES IN CONGRESS PROTECTED A SYSTEM OF FARM SUBSIDIES. NOW, WITH REPUBLICAN MAJORITIES IN THE HOUSE AND SENATE, REAL REFORM IS POSSIBLE.

In 1990 there was an attempt to phase out the honey subsidy over four years; it lost 215–178. I voted to keep the program and have regretted it ever since. When Bill Clinton ran for president, the honey subsidy was the one and only thing in our $1.5 trillion national budget that he proposed to abolish. In 1993 that finally happened, and I was one of those who voted 344–60 to kill the program. I wish it had happened years earlier.

With the "Contract with America," however, everything has changed. Republican welfare reform has opened up the food stamp program for tightening. Consequently, the 1995 farm bill will offer little to urban legislators, and may, in fact, invite hostile amendments as big-city Democrats contrast continued subsidies to farmers with cuts in other programs.

House Agriculture Committee chairman Pat Roberts (R-Kans.) will attempt to ensure that farm programs are not cut more than the rest of the budget. Within the committee, direct payments to farmers will likely be protected, while cuts are made elsewhere in the agriculture budget, such as export subsidies. It may be impossible, though, to make sufficient reductions without touching direct payments to individuals, which consume the bulk of the farm bill's appropriations. And the House as a whole will be much less bashful about reducing individual subsidies.

A measure of political uncertainty arises from the fact that three-quarters of the members of the House Agriculture Committee have been elected to Congress since the 1990 farm bill. Newer Democrats on the committee may press for more focus on rural development—roads and other infrastructure. Newer Republicans on the committee will struggle with conflicts between their free-market philosophy on the one hand, and their constituents' demand for price protection on the other. (It's interesting to note that even the government-hating Nichols brothers of Oklahoma City infamy were willing to accept farm subsidies.)

Environmentalists will be largely ignored by the committee. Strong bipartisan majorities are likely to revise the wetlands provisions of the farm bill and scale back the scope and cost of the Conservation Reserve Program. In floor debate, opposition will heat up, and environmentalists will offer amendments tempting to suburban Republicans, who do not represent farmers but rather sportsmen and conservationists eager to protect wildlife and its habitats.

Over in the Senate, action will probably follow more traditional patterns, given the nature of the body and the fact that every senator represents farmers. Nonetheless, Agriculture Committee chairman Senator Richard Lugar (R-Ind.) has challenged subsidized farmers with probing questions about the relevancy of their programs. Lugar has suggested he'll try to scuttle existing farm policy because it ignores demographic, budgetary, and market realities. Whether other senators will follow his lead is unclear, but Lugar's presidential candidacy presents an opportunity to test his message with the American electorate. If it is well received on the campaign trail, his farm policy may become more popular in the Senate. Meanwhile, Kansas Senator Robert Dole, a strong defender of farm interests in the past, will be preoccupied with a presidential campaign, and thus less likely to lead a spirited defense of farm programs.

The direction of the overall budget will be the dominant factor shaping the 1995 farm bill. The present Congress includes over 300 House members and 66 senators who have voted in favor of a balanced budget amendment to the Constitution. But there are only 50 legislators in today's House of Representatives who represent districts with a significant farming constituency.

If traditionalists once again succeed in protecting the basic design of U.S. farm subsidies, theirs will be a hollow victory. Should reform be scuttled this year, there will only be a louder clamor for radical change when the farm bill is revisited at the end of this decade. In a time of declining budgets it is foolish for American farmers to depend on government payments to protect their livelihood. That rug could be pulled out from under them at any time, so a transition to independent, market-based farming ought to begin as soon as possible.

Many farmers willingly agree. One Indiana congressman recently heard farmers tell him they would be glad to trade price supports and supply controls for lower capital-gains taxes and full income-tax deductions for their self-paid health insurance. Dairy farmers concerned about the impending arrival of import competition recently told a Wisconsin congressman they could accept the elimination of strict regulations that control the price and distribution of milk in favor of new policies that would encourage exports abroad.

In short, more and more American farmers recognize that their choice is between the past and the future. American agriculture cannot afford to wait until the year 2000 to make the transition from a farm program rooted in the Great Depression to one geared toward the twenty-first century.

Timothy J. Penny, a former Democratic congressman from Minnesota, served on the Agriculture Committee during his entire House career.

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BY KARL HESS, JR.

ENVIRO-SOCIALISM

Why Greens Fear Free Markets and Private Property and What Conservatives Can Do About It

After a century of state building, big government is yielding to the power and persuasion of free markets and private property. There is one major exception to this, though: the Green exception. Most men and women focused on environmental issues are bucking the trend and turning their backs on free markets and private property. They hope to pick up the pieces of discarded government and mold them into an environmental welfare state. They are embracing, indeed demanding, what others are now rejecting.

Greens should know better. They should know the dismal environmental record of societies that substitute state ownership or command-and-control planning for free markets and private property. And they needn't look as far as the Soviet bloc to be convinced—a century of cowboy socialism on public lands right here in the western United States has left behind overgrazed ranges and trampled wetlands.

Greens should also know that America's recent environmental successes are deeply indebted to the prosperity that capitalism has brought us. Lastly, Greens should recall their heritage of anti-statism—rooted in the democratic ethos of Jefferson, the libertarian naturalism of Thoreau, and the misanthropic anarchism of Edward Abbey. With all of this countervailing evidence and history available to them, why do Greens fear free markets and private property?

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Some critics answer that environmentalists are akin to ripe watermelons: Green on the outside but Red within. Clearly, some environmentalists are far-left leaning and socialist by principle. But the majority are a fairly conservative lot, I believe, more interested in preserving the past than in scripting a new future. And unlike the New Left, which spent its days angrily fighting government, many environmentalists seem content to enthusiastically serve it.

Elitism is another possible reason why environmentalists are drawn to big government. Greens, some claim, are heirs to the Progressive revolution, which shifted political power from citizens to social and scientific elites. There is some truth to this, yet many Greens have also shown disdain for the rule of experts.

A simpler truth is that environmentalism is just deeply wedded to the business of big government. The major environmental groups earn their keep by making government larger and regulations more intrusive, not by hands-on conservation and protection. Free markets and private property are clearly not in their vested interest. At the same time, the grassroots environmentalists who give the movement its political clout tend to be somewhat aloof from their urban lobbyist cousins on this point.

I believe a more significant source of the Green aversion to free markets and private property is the tendency of ecologists to pit individual against natural values. If the world is an interconnected web of life, then solutions to environmental problems may well lie beyond the scope of the individual redress and rest instead in the realm of collective action. This reading of ecology, though, flaunts the reality of a highly decentralized nature, where creatures and natural communities have plied their livelihoods for millennia without any central direction.

It's an ecological fact that nature is not always amenable to private ownership and that markets can and do fail to steward resources. Air and ocean currents, far-roaming wildlife species, and the subtleties of biological diversity resist the protective umbrella of property rights and markets. The limits of private ownership and free markets are not nearly so narrow as advocates of regulation assume, however. We know that market failure is the exception and that private property generally serves the environment well. Greens themselves prove this every time they set up a new private conservation trust.

Greens know that unowned resources are a source of environmental ills. They understand the lesson of Garrett Hardin's "tragedy of the commons"—the reality that natural resources held collectively will eventually be exhausted unless divvied-up into private ownership or meticulously regulated by government. Yet, like their mentor Hardin, Greens fail to see that common resources can also be managed by small, self-governing private communities and associations. They overlook traditions of community water management in the Southwest, landowners in the Wisconsin Dells working cooperatively to manage white-tailed deer, and neighbors on the north fork of the Clark River in northwestern Montana joining together to protect their river.

Conservatives, when faced with the tragedy of the commons, tend to react like theorist R. H. Coase, opting to slice nature into myriad private-property bundles. But while the market theory is scientifically sound, many people, certainly most environmentalists, find a world where every organism is tagged, every air molecule marked, and every landscape checkerboarded unsatisfying, even repugnant. It rubs against the grain of their ecological vision, and encourages their embrace of state solutions that seem to be the only alternative. Conservatives who limit their non-state solutions to Rube Goldbergian privatization schemes, ignoring options rooted in community that could grab the imagination of Greens, do the cause of anti-state control no good.

> Rather than deriding Greens, conservatives should show them that free markets, private property, strong communities, and voluntary associations are principles that can achieve their desired ends.

On a small scale, after all, the idea and practice of common property is neither alien to conservative practice nor corrosive of its ideals. Even staunch advocates of private property like our nation's founders understood the role of the village green in a New England town and the county courthouse in a jurisdiction like Jefferson's Albemarle. Public space at the local level builds social cohesion and serves the vital civil communities and voluntary associations that Tocqueville celebrated as breakwaters against tyranny and laboratories of liberty.

In the Green version, wholesome community space embraces not just the social but the natural world. Aldo Leopold writes of a land community where the individual is a "plain member and citizen." But environmentalists viscerally fear that private property will eliminate common ground where neighbors and nature can meet and adjoin. And if privatization means the division of nature into elemental parts they may be right. They are dead wrong, however, to assume that the prophylactics of bigger government, more social ownership, and more command-and-control regulation will protect either the social or natural community. To the contrary, these are forces responsible for the demise of community and the dismantling of nature during our era.

Markets are more than just monetary transactions that shuffle resources from one corner of the earth to another. They are also the voluntary social transactions that organically express the will and accumulated judgment of communities. Repeatedly overrule those micro verdicts—as government is so adept at doing—and communities will weaken and die.

Turning nature's fate over to markets strikes environmentalists as a surrender of power and abrogation of moral responsibility for environmental outcomes. What troubles them most is the gamble that voluntary exchange entails. Environmentalists are right in noticing that impersonal economic markets can and do play havoc with given individuals and communities. What they fail to pick up on the other side is that market forces explain, for instance, why there are far more trees growing in the eastern United States now than a century ago. They ignore the fact that the eclipse of market forces by the U.S. Forest Service is why old-growth forests are rare in today's Rocky Mountains.

A basic Green objection to market solutions is that they are often advanced on the grounds of efficiency. This angers environmentalists, who take exception to reducing things like clean air and wilderness to bare-bones economics. Greens no longer dis-

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pute the fact that market mechanisms like tradeable pollution permits are efficient ways of solving specific problems. But for most environmentalists, efficiency is not especially highly valued.

It has been accurately observed that many environmentalists are driven by a kind of moral absolutism and religious zeal. Clean air and water, endangered species, biological diversity, wetlands, and wilderness are root values that are not tradeable in the coin of efficiency. But root values held with religious conviction are nothing new to conservatives. Individual liberty, for instance, is something few conservatives would trade for any amount of efficiency. Rather than deriding Greens, conservatives should show them that free markets, private property, strong communities, and voluntary associations are principles that environmentalists and conservatives can use to achieve their desired ends.

Sadly, many conservatives present themselves to environmentalists as ideologues who prefer abstractions to concrete ideas on how free markets and private-property rights can be used to create a practical and desirable natural world. Worse yet, some conservatives seem inclined, if not enthusiastic, to simply deny the existence of environmental problems. Gregg Easterbrook, in *A Moment on the Earth*, is probably right when he writes that environmental cataclysm is behind us. Yet that in no way makes environmental happiness certain.

Greens mistrust the motives of free-marketeers and privatizers. They look at the long-standing tolerance of conservatives for industrial pollution and they wonder whether markets and property rights serve polluters first and the polluted second. Greens are also confused by the contrast between the conservative eagerness to fight regulatory takings and the conservative reluctance to offer positive, private-sector alternatives to environmental problems. Saying no to government is one thing, but saying nothing about what will replace government regulation is disingenuous. That's why Greens assume, incorrectly, that conservatives have no ethical sense for the land—no moral sensibility that rejects abuse of soil, plants, and wild animals as a matter of principle. To win over Greens conservatives must show that the best way to defend nature is to use markets and property rights as offensive weapons in the war for a better environment.

The "wise use" movement also presents a major stumbling block to environmentalists and conservatives reaching agreement. For nearly a hundred years, federal law has limited private property rights on public lands to cutting trees, grazing grass, and digging in the earth for minerals. For just as long, the markets for these goods have been subsidized by taxpayers.

Today, the land-use monopolies of loggers, ranchers, and miners, and the subsidies that sustain them, are under assault. In 1995, environmentalists joined the National Taxpayers Union and the Citizens Against Government Waste to call for an end to resource-extraction subsidies. Congressional supporters of the subsidies answered by calling the two free-market organizations fronts "for the extreme environmental movement." Whether intended or not, their message to Greens was clear: free markets and private property rights are fine, but government subsidies are even finer. So long as environmentalists believe that all conservatives want are subsidies for miners, cattlemen, and loggers, they will cling to big government.

Conservatives have convincingly made the case that big government doesn't work. Now, it's time for them to talk of the splendors and diversity of the marketplace—to sing the praises of social voluntarism and deep markets, and to make this vision one that thoughtful Greens can respect. Conservatives need to tell Greens that their admiration of the state and socialist organization is wrong in principle and harmful to the environment. And they must show that free markets and private property are conducive to the pursuit of happiness for everyone.

Karl Hess, Jr., is an environmental writer affiliated with the Cato Institute and the Foundation for Research on Economics and the Environment. He is completing his third book, Deep Markets & the Rebirth of Environmentalism.

"FROM RED TO GREEN"

by David Horowitz

Even as its own inhumanity and inefficiency consume revolutionary socialism in the East, a specter can be seen rising from its ashes in the West. The colors are no longer red but green, the accents are those of Malthus rather than Marx, but the missionary project is remarkably intact. The planet is still threatened, the present still condemned, redemption through radical politics still presses: Better Green Than Dead. In environmentalism radicals have found a new paradigm for the paradigm lost.

Thus, the official program of France's Green Party echoes Rosa Luxemberg's apocalyptic cry: "The future will be green or will not be at all." And the program of Germany's Greens exhibits the distinctive accents of the totalitarian voice: "The politics of radical ecology embraces every dimension of human experience...the old age is giving way to the new." Or, in the blunter expression of the founder of American "social ecology," Murray Bookchin: "We can't heal the environment without remaking society."

The old radical Adam is back: the apocalyptic ambition, the destructive resentment, the totalitarian project. "From all the knowledge we now have about environmental issues," writes Jonathon Porritt, a spokesman for Britain's Ecology Party and the director of Friends of the Earth, "the inevitable conclusion is that our way

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In environmentalism radicals have found a new paradigm for the paradigm lost.

of life cannot be sustained...we cannot go on living as we do now." The revolutionary agenda requires a revolutionary strategy. When Porritt hears politicians saying they care for the environment and therefore want to achieve "sustainable growth," it leaves him "spitting with rage." We cannot continue, he says, with [our] same material living standard and at the same time be warriors on behalf of the planet."

Thus radical ecology leads to the familiar threat. The virtuous state must control and restrict social wealth and redistribute it according to the radical creed. In the radical view, property—the foundation of free societies—is mere theft, whose spoils are to be divided up. As Porritt argues: "We in the West have the standard of living we do only because we are so good at stripping the Earth of its resources and oppressing the rest of the world's people in order to maintain that wealth." To achieve ecological balance means "progressively narrowing the gap to reduce the differences between the Earth's wealthiest and poorest inhabitants" until there are "more or less equal shares for all people." Karl Marx described this prescription aptly 150 years ago.

Jonathon Porritt is a leader of the "moderate" wing of the radical environmental movement. David Brower, the founder of Porritt's organization, departed some years ago to create the more radical Earth Island Institute in Berkeley. In 1989, Brower took his place alongside Comandante Daniel Ortega as co-sponsor of the Fourth Biennial meeting of the International Congress on the Hope and Fate of the Earth in Managua. One thousand delegates from more than 70 nations met at the Olaf Plame Center to denounce the United States and the other "imperialist" predators of the free world, and to launch a new movement of "solidarity environmentalism" by establishing alliances with radicals in Third World countries. According to a report in Brower's magazine:

> The consensus at the Congress was that 'solidarity environmentalism' is the only kind that makes sense.... Would George Bush and Margaret Thatcher be able to call themselves environmentalists if the effort to protect the ozone layer and stop global warming was linked to the Third World movement's demands for a new, more equitable international economic system, an end to the Third World debt, and curbs on the free action of multinational corporations?

In Managua the political symbolism of the Green united front was all in place: Swedish social democracy, British Eco-socialism, Third World Marxism-Leninism, and American auto-nihilism. This development reflects the fact that the Green Movement has grown to its present dimensions out of the crisis of the Left—in particular the necessity of establishing a face-saving distance from the catastrophe of Marxist liberation in the socialist bloc. To avoid the taint of the socialist past, the Green parties of Europe and even primitive communists like Porritt constantly emphasize that their movement is "neither Left nor Right," and distinguish the "politics of ecology" from the "politics of industrialism" (i.e. of economic growth) that characterize both capitalist and socialist societies. But from a historical perspective, it would be more accurate to say that the Green movement is a phenomenon of both the political Left and the political Right, uniting in itself the two traditions of radical totalitarian revolt against liberal order in the twentieth century—Communism and fascism—and aspiring to be the third wave of the gnostic assault against freedom in our lifetime.

The fascist roots of the Green movement are well known. National Socialists were naturists long before the post-Khrushchev Left discovered ecology, and the Nazis have been justly described as "the first radical environmentalists in charge of a state." Indeed the enthronement of biological imperatives, of the virtues of blood and soil and the primitive communities of the *Volk*, the pagan rejection of the Judeo-Christian God and the radical anti-humanism featured in the philosophy of the Greens are even more obviously derivative of fascist than Marxist political traditions. But despite tensions that exist between the deep ecologists of the environmental Right and the eco-socialists of the Left, they are indissolubly joined in the common embrace of a single illusion: the gnostic idea that humanity has been alienated from its natural self and that its redemption can be achieved by political means; the idea that implies a declaration of war by a chosen few against the historical existence of all.

Thomas Lovejoy has expressed the radical anti-humanism of the Greens in a statement reminiscent of Susan Sontag's infamous indictment of the white race as the "cancer of history" during the Sixties: "The planet is about to break out into a fever and we are the disease." Appearing as a new ideological wrinkle at first, this turns out to be the same old anti-humanism of the radical tradition, the very malevolence that has brought it to its present grief. In the environment, the Left has found a victim to champion that cannot reject it, a victim that will provide endless justification for its destructive agendas. This is the truly new element in the Green revolution: a constituency—nature—that cannot speak for itself. The conflict between vanguard and victim that has plagued generations of the Left has been thus eliminated. What remains is the hubris of the self-chosen saviors, for whom the human condition is not a reality we must come to terms with, but rather material to be subdued and transformed.

Adapted from Deconstructing the Left *by Collier and Horowitz, Second Thoughts Books, Lanham, Maryland, 1991.*

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Earth-shaking change is coming to the tax code. Here's a roadmap for what promises to be an excellent adventure.

TAX REFORM TOURGUIDE

The Big Three Tax Reform Proposals

by Jeffrey Taylor

Scarcely a year passes without Washington tweaking the tax code. In 1993, President Bill Clinton squeezed out a large tax increase. This year Republicans in Congress are working to the tax cuts in their Contract with America. But both these ges are minuscule compared to the looming prospect of mas- that has Capitol Hill buzzing. If the tax bills of ought of as a new coat of paint for the dining rm plans now pending are varying degrees of and rebuilding.

fferent approaches to reshaping the tax code will next few months. The competing plans are a na- cked by Senator Richard Lugar (R-Ind.) and, in Ways and Means Committee Chairman Bill the flat income tax of House Majority Leader ex.); and the c[illegible] ed income [illegible] of [illegible]enate Budget Committee Chairman [illegible] Domenici ([illegible]) and Senator Sam Nunn (D-Ga.). No[illegible] these plan[illegible] to be [illegible] acted until after the [illegible]96 electio[illegible] passage of [illegible] and [illegible] legislatio[illegible] or happ[illegible] elec[illegible]

One common thread running attempt to tax consumption mor sensus of reformers today is that thrift and investment, discouragi slowing national economic grow

The other common denomin dizzying complexity of our curre amount of time spent complying as 8 billion man hours per year th a large dead weight on the econo

A broad-based consumption ta fter consumption explicitly, while ddition, a sales tax aims to do awa dividual income tax returns, leav nd report the tax. The national sa [illegible] ud replace the [illegible] 17 pe [illegible]

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IF THE TAX BILLS OF RECENT YEARS ARE THOUGHT OF AS A NEW COAT OF PAINT FOR THE DINING ROOM, THE TAX REFORM PLANS NOW PENDING ARE VARYING DEGREES OF HOME DEMOLITION AND REBUILDING.

Under such a system, $68 would be added to the cost of a $400 VCR; $2,550 to the cost of a $15,000 car. To keep the sales tax rate under 20 percent while replacing all the revenue of our current system, services as well as goods would have to be taxed. So pet care, car repairs, electricians bills, haircuts—all would be taxed for the first time at the federal level. Still unclear is whether the tax would apply to doctors' bills and legal fees. Backers of the sales tax worry both about the privacy question (a key motivation for junking the intrusive income tax in the first place) and about the tremendous influence the medical and legal lobbies have over Congress.

These types of concerns have caused Chairman Archer to hold back from explicitly endorsing the national retail sales tax. Instead, he has backed "tearing the income tax out by its roots" and replacing it with some form of broad-based consumption tax. For Archer, the primary benefit of a consumption tax is its ability to hit imported goods. Archer claims that as much as $300 billion a year could by raised by taxing imported goods.

To make sure that low-income workers are not overtaxed simply by purchasing necessities, any broad-based consumption tax would likely include a system of rebates. Rebate checks, perhaps on the first $500–$1,000 of tax paid, would have to be sent to every American.

The aim of Rep. Armey's flat income tax is to apply a simple tax evenly to all people and companies without favor or prejudice. Instead of the multiple tax rates and myriad deductions of the current system, a flat 17 percent (20 percent the first two years) would be applied to all wage income. Because interest income from savings and investments would be exempt from taxes, this proposal too is a kind of pro-savings and investment/anti-consumption levy.

Under Armey's flat tax, each taxpayer would get a $13,100 personal exemption. An additional $5,300 exemption per child would be available. This means that for a family of four, the first $36,800 of income would be entirely free of tax.

Armey would also scrap the many deductions Americans have become accustomed to, including those for mortgage interest, state and local taxes, and charitable contributions. This is the most controversial aspect of the plan, but it is necessary to get the broad base that allows the overall rate of taxation to be set so low.

To get taxpayers to more readily see the real cost of government, Armey folds another bold proposal into his plan: He would junk the tax withholding system. Instead of having their money disappear before they even see it, taxpayers would be required to write a check to the IRS each month.

A new 17 percent tax on all business activity would replace both the corporate income tax and the alphabet soup of schedules that often complicates individual tax filing. The full cost of all business expenses would be immediately deductible in full (no more multi-year depreciation nightmares). Unused deductions could be carried forward for use in future years. Fringe benefits to employees would no longer be shielded from taxation.

The third and mildest of the three tax reform plans is the Nunn-Domenici approach, which traces its history back to a 1992 report on American competitiveness. It is also the most complicated. A 350-page briefing book on the plan has recently circulated in Washington, carefully explaining the tangle of credits and different tax rates. Probably the best summary description comes from Senate Finance Committee Chairman Bob Packwood, who declared at a recent hearing that "it's a giant IRA."

Nunn-Domenici has a straightforward goal: if you spend money it is taxed, if you save it it is untaxed. Exceptions are made for mortgage interest payments, charitable giving, and local taxes, which are defined as "non-taxable" expenditures. Nunn-Domenici has a tax credit for payroll taxes—Social Security, Medicare, unemployment insurance—recognizing that for many middle-income workers, payroll taxes constitute the single largest tax burden.

After the amount of taxable income is determined under Nunn-Domenici, it is subject to one of three different tax rates, 19 percent, 27 percent, or 40 percent. Because the plan's supporters believe most Americans will be able to exclude a large percentage of income, the top rate of 40 percent kicks in at $14,400 of taxable income. Any income above zero is taxed at 19 percent.

For businesses, the current system would be replaced by a form of value-added tax (VAT) set at 11 percent of profits. Such taxes are common in Europe and are a favorite of Fortune 500 firms looking to simplify returns that now can run hundreds of pages and require flocks of lawyers to compile. A credit for payroll taxes would also be available to businesses.

Tax changes of the magnitude contemplated by any of these three reform plans are sure to provoke enormous interest and controversy. Not since the income tax was proposed in 1909 have there been so many open questions about the basic shape of our future tax code.

Jeffrey Taylor is a national political reporter for Evans and Novak.

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The National Sales Tax Fantasy

By Bruce Bartlett

Recently, a number of prominent individuals like U.S. senator and Republican presidential candidate Richard Lugar, columnist Jack Anderson, columnist and Republican presidential candidate Pat Buchanan, Cato Institute president Ed Crane, and Motion Picture Association of America president Jack Valenti have launched a campaign to replace the federal income tax with a national retail sales tax. Their goal, they say, is nothing less than the abolition of the IRS. That would require abolishing all taxes currently collected by the IRS, including personal and corporate income taxes, payroll taxes, estate and gift taxes, and excise taxes—a total of $1.3 trillion in levies.

Supporters of the sales tax idea insist that a sales tax rate of 16 to 18 percent would raise the same revenues as the IRS now collects. That is completely inaccurate. Even if every bit of U.S. economic production could be taxed, it would take at least a 19 percent sales tax rate to replace all current tax revenues. But the tax base to which sales taxes could be applied would actually be much smaller—because businesses' investments, government purchases, exports, and other items would necessarily be exempt from sales taxes. My calculations show that a national sales tax of 32 percent would actually be required to replace current revenues.

Moreover, this 32 percent rate assumes that the tax base for a national sales tax will be far broader than that of any existing state sales tax. The national sales tax of 32 percent would have to be applied not only to all goods, but also to all services—including rent, telephones, utilities, medical care, legal and financial services, taxi rides, movie tickets, video rentals, club dues, tuition, airline tickets, and so forth. While there is no reason in principle why such services should not be taxed, historically it has proven very difficult to do so at the retail level. Thus, all but three states with sales taxes exempt a substantial portion of services from their levy.

Efforts to extend state sales taxes to services have been met by fierce resistance; in Florida a tax on services recently had to be repealed shortly after it was imposed. Taxes on services are also generally easier to evade than taxes on goods, since there are fewer records to audit. The dilemma of taxing services is a serious one, for if all services were exempted from sales tax because of the known difficulties of collection, then the tax rate necessary to keep federal revenues at today's totals would be a staggering 65 percent.

In addition to services, some goods would almost certainly be exempted from a national sales tax. Every state with a sales tax exempts some items, the most common being food (26 states). Senator Lugar has said that he would consider exempting food and medicine from his plan. But excluding all food from the tax base would raise the necessary sales tax rate by another 6 percentage points. Exempting all medical care would require jacking up the rate an additional 11 percentage points. Moreover, these federal levies would be added on top of existing state sales taxes, which average 5 percent, and in some areas on top of local sales taxes as well.

Experience at the international level and the state and local levels demonstrates clearly that a retail sales tax this high simply cannot be collected. As a recent report from the Organization for Economic Cooperation and Development (OECD) puts it, "A retail sales tax of more than 10 percent to 12 percent is too fragile to tax evasion possibilities."

If the IRS is to be abolished under a new sales tax regimen, some other entity will have to be found to collect the new levies. Sales tax advocates suggest that the states could collect the revenues for the federal government. The national sales tax's first effect, then, would be to force five states—Alaska, Delaware, Montana, New Hampshire, and Oregon—to put in place sales tax collection procedures that they do not presently have. The other 45 states who already levy sales taxes would presumably collect the federal government's share when they collect theirs.

The cost of collecting federal taxes would constitute a large financial burden to state governments. Since sales tax administration costs are in the range of 1 percent of collection, a national sales tax would constitute a federal mandate of at least $12 billion in costs. If this mandate to the states were to be funded by the federal government, as now required by law, it would reduce the yield of the tax by the same amount, requiring a 1 percent hike in the tax rate to raise the same revenue.

In practice, administration costs would be far higher than 1 percent unless the federal government mandated that all states use an identical tax base. As we already know, different states exempt different items from sales taxes at present. If states are allowed to maintain their differing tax bases, there will be enormous audit problems and

HOWEVER APPEALING IT MAY SOUND TO ABOLISH THE IRS AND RAISE ALL FEDERAL REVENUES WITH A NATIONAL SALES TAX ON CONSUMPTION, THIS IS A HOPELESSLY UNREALISTIC VISION—WHICH IS EXACTLY WHY NO NATION IN THE WORLD DOES IT.

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accounting expense to determine what monies businesses should collect on the federally defined tax base versus what they must collect on state terms. On the other hand, mandatory standardization of definitions in order to ease Uncle Sam's collections would represent one more major intrusion on the self-determining powers of states. (Specifying exemptions from sales taxes also provides fertile ground for lobbyists to plow.)

Then there is the havoc that would be wreaked on the collection of state income taxes. Currently, all 44 states that assess income taxes piggyback on IRS definitions and rules. They also rely on IRS auditors to uncover irregular returns. If the IRS disappears, states will have to do these things themselves, at great expense and effort.

While replacing all other federal taxes with a sales tax will relieve many citizens of filing federal tax returns, it will not relieve all of us of that burden. All businesses would still have to be extensively audited to ensure compliance with the national sales tax—and this would include all self-employed persons. Everyone currently filing a self-employment tax return—15 million taxpayers—would continue to be subject to audit, as would up to 17 million sole proprietors, 1 million partnerships, and 4 million corporations.

But at least the rest of us wouldn't have to file returns, keep records, or fear IRS audits and invasions of privacy, right? Wrong. Forty-four states would still have state income taxes, and in all likelihood the remaining six states would join them—in order to be able to eliminate their sales taxes so as to avoid having to collect the federal government's sales taxes. Most or all taxpayers, in other words, will still have to file income-tax returns, keep records, and suffer state tax audits.

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Another difficulty is the problem of exempting goods used in the production of other goods and services. If goods purchased by businesses as part of their own production are not exempted from sales taxes, then goods end up being levied twice when the final sale occurs. Economists call this "cascading," and not only is it wrong in principle, it leads to damaging economic inefficiency, because the same goods bear a different tax burden depending on the number of steps that are taxed in their production.

Cascading is a serious problem, but it is difficult to avoid because there are many goods—like autos, hardware, and office supplies—that are bought by both producers and consumers. At a minimum, avoiding cascading will require giving all producers, wholesalers, and service-providers a tax registration number that allows them to avoid paying sales tax on business-related goods and services. This immediately creates complications for retailers, as well as easy opportunities for tax evasion. Who is to know whether the auto I purchased free of tax for my taxi business isn't also my personal auto? What if my taxi business consists solely of driving my children to school? And what is to stop people from concocting sham businesses simply to obtain a tax exemption? To fight such cheating, there will have to be a vast auditing procedure that could make today's IRS methods seem tame by comparison.

There are many lesser problems with a national sales tax as well. The first involves the immediate transition to the sales tax. People will have an enormous incentive to consume as much as possible before the tax takes effect, drawing down savings and going into debt to buy anything they could possibly need in the future. Then when the tax is imposed, consumption will collapse, at least for a time. This combination of boom and bust could well cause a recession.

Another problem is the intergenerational effect. People who are now retired worked during a period when income taxes were high and consumption taxes were low. Now everything this highly influential voting bloc buys will be taxed at very high levels, while the benefits of phased-out income taxes mostly skip them, because they are beyond their peak earning years.

Yet another problem is that the replacement of Social Security payroll tax by sales taxes will require a complete remaking of Social Security benefits. Currently, benefits vary directly by earnings, and thus tax contributions, of each worker. If earnings-based levies disappear, some new way of setting benefits will have to be devised—a very big can of worms. (And should the Social Security tax not be replaced by the sales tax, then we will have to keep an IRS to

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collect it, which defeats one of the main purposes of the whole sales tax crusade.)

A retail sales tax with no exemptions would also be massively regressive—taking a bigger bite out of the poor than others. Historically, governments dealt with this problem by exempting necessities such as food, clothing, and medicine. But doing so greatly multiplies the complexity and administrative cost of the tax system, increases opportunities for evasion, and requires a commensurately higher rate on non-exempted items.

Some sales tax advocates suggest the federal government reduce regressivity by rebating a baseline portion of the tax back to all taxpayers. Thus, if it were decided that the first $5,000 of an individual's consumption should be free of a 32 percent sales tax, then every year the government would have to send every person a check for $1,600. Note that everyone would have to get a check, since in the absence of an income tax there would be no way to verify income and to separate the "needy" from the "non-needy."

Leave aside such obvious stumbling blocks and costs as administration of the rebates, the difficulty of tracking down the transient poor who would most need the checks, the likelihood that every citizen would be forced to register at some government agency (the Internal Rebate Service?) with something like a Social Security number, and the reality that the rebates would create an incentive to have more children in order to collect additional annual checks. Even ignoring these considerations, there is a giant economic flaw in the rebate idea: Even the modest per capita rebate I describe above would cost $413 billion. To cover that sop to progressivity, the total sales tax rate would have to be 7 percentage points higher. Gaudily impractical territory.

To summarize:

- It is impossible to abolish the IRS without establishing a retail sales tax rate of at least 32 percent, and probably far higher.
- Since it is extremely unrealistic to think that the states will collect the federal government's revenue for it, an IRS will still be needed to collect the sales tax.
- While in theory a national sales tax will make paying federal taxes easier for many people, that will not be true for the tens of millions of people who are self-employed or operate sole proprietorships, partnerships, or corporations. It also will not relieve citizens living in the 44 states with income taxes from the hassle of filing returns, keeping records, and being audited.
- And, finally, sales-tax supporters have not addressed the technical problems of exempting from their tax the goods that are used in the production of other goods, nor have they addressed the problems of exemptions, and the inevitable evasion of the sales tax.

Even a quick practical analysis of the kind I have conducted reveals that however appealing it may sound to abolish the IRS and raise all federal revenues with a national sales tax on consumption, this is a hopelessly unrealistic vision—which is exactly why no nation in the world has retail sales taxes of the magnitude now being bandied about in America.

Those European countries who tried something similar to what American sales-taxers are proposing quickly replaced their unworkable sales taxes with a value-added tax (VAT), a much more efficient tax, but also a much more insidious one. Under a VAT, goods are taxed each time their value is increased: raw rubber is taxed when the plantation sells it to a tire-maker, the resulting tire is taxed when an automaker buys it, and finally the car-buyer is taxed on the finished product, though he never knows how many prior taxes have been levied on the parts of his car. This invisibility of the VAT has allowed European governments to raise taxes far more easily than those countries, like the United States and Australia, that have not imposed VATs. Inevitably, any federal retail sales tax in the United States would also become a VAT, putting the United States on the same road to higher and higher taxes that Europe is treading.

Better think again.

Bruce Bartlett is currently a senior fellow with the National Center for Policy Analysis. From 1988 to 1993 he was deputy assistant secretary of the Treasury for economic policy.

MY CALCULATIONS SHOW THAT A NATIONAL SALES TAX OF 32 PERCENT WOULD BE REQUIRED TO REPLACE CURRENT REVENUES.

A Brief History of the Flat Tax

by the editors

Seemingly overnight, the flat tax, an idea once championed by a handful of free-market economists and right-wing Republicans, has emerged as this year's model of cutting-edge reform.

Deuteronomy tells us that God demands from His people a "tithe…of everything that grows on the land." But this Old Testament flat tenth has seldom satisfied Caesar. Historian Charles Adams notes that discriminatory taxes imposed by one class of citizens against another "are as old as history. Not long ago in Europe,

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Jews paid rates four times as high as Christians; Protestants taxed Catholics at double rates and vice versa." In our day and our land, disparately higher rates have been slapped on the wealthy.

President Abraham Lincoln, searching for ways to finance the Civil War, hit upon an income tax. Lincoln's levy (which hung around, in various forms, until 1872) began as a 3 percent tax on annual income over $600, but it gradually was graduated.

Old-style Yankee opposition to differential tax rates was expressed by Representative Justin Morrill of Vermont in 1866: "In this country we neither create nor tolerate any distinction of rank, race, or color, and should not tolerate anything else than entire equality in our taxes. So, then, I think the proposition [progressive income taxation] cannot be justified on any sound principle of morals. It can only be justified on the same ground that the highwayman defends his acts. It is saying to the man of wealth, 'you have got the money and we will take it because we can make better use of it than you will.' "

WHENEVER DIFFERENT FORMS OF INCOME ARE TAXED AT DIFFERENT RATES, OR DIFFERENT TAXPAYERS FACE DIFFERENT RATES, PEOPLE FIGURE OUT WAYS TO TAKE ADVANTAGE OF THE DIFFERENTIAL.

Efforts in the late nineteenth century to institute an income tax (coupled with a reduction in tariff rates) were derided by opponents as "class legislation." The enactment in 1894 of an income tax of 2 percent with a personal exemption of $4,000 burdened only the richest 2 percent of the populace. The levy was struck down by the Supreme Court, and after more than two decades of wrangling the constitutionality of the matter was finally settled by the 16th Amendment.

Many classical liberals never did accept the principle of progressive taxation. John Stuart Mill called it "a mild form of robbery." It was seen as little more than looting by the great Irish-American orator Representative Bourke Cockran (D-N.Y.), who in the 1894 debate thundered that "to persuade a majority to oppress a minority is not to serve the people but to injure them; it is not to vindicate popular power, but to discredit it; it is not to conserve free institutions, but to undermine republican government."

Cockran was no lackey of the robber barons. His point was echoed by economic historian Louis Eisenstein, who admitted in *The Ideologies of Taxation* (1961) that: "Our income tax, like our estate tax, was deliberately devised as a partisan measure against specific segments of American society. It was born of class politics and on the wrong side of the street. We need not forget its unpleasant origin in order to applaud its present virtues."

As federal spending on the military and social welfare grew apace, tax rates stretched to such absurdly confiscatory extremes (an upper rate of 91 percent) that even a dyed-in-the-wool New Deal liberal like the actor Ronald Reagan began to question the justice of steep progressivity.

For years, economist Milton Friedman and his wife Rose were lonely voices calling for a flat tax. In *Capitalism and Freedom* (1962) they proposed "a flat-rate tax," which in a later book *(The Tyranny of the Status Quo)* they defined as having "two components: first, a single tax rate that is applicable to everyone and to the whole of the tax base; second, a tax base that is equal to total income, with no deductions except personal exemptions and some strictly defined expenses that relate to earning the income."

Like Friedman, the earliest political apostles of the flat tax usually—but not always—came from the libertarian Right, like Congressmen Ron Paul (R-Tex.) and Phil Crane (R-Ill.). (The more radical libertarians agreed with essayist Frank Chodorov that the income tax is the "root of all evil." They wanted to abolish, not flatten, it.)

Hoover Institution economists Robert Hall and Alvin Rabushka, widely regarded as the intellectual godfathers of the current flat tax movement, first drew national attention (and mainstream pols) to the idea in a December 10, 1981 *Wall Street Journal* article that grew into a book. Bills based on Hall-Rabushka were introduced by, among others, Senators Dennis DeConcini (D-Ariz.) and Steve Symms (R-Idaho).

The idea was kicked around throughout the 1980s, winning a few converts but never quite making it onto the field of play until 1992.

The first prominent national candidate to advance a flat-tax proposal was former California governor Jerry Brown, who in his campaign for the 1992 Democratic presidential nomination called for a 13 percent tax on all personal and business income. (In 1982, Governor Brown's chief opponent for the Democratic U.S. Senate nomination, novelist Gore Vidal, had proposed a 5 percent flat tax.)

Brown's plan would've eliminated the Social Security tax. It allowed exemptions for mortgage interest, rent, and charitable contributions. Just how much economic realism was contained in the proposal was never clear, but the insurgent candidate saw the flat tax as a "silver bullet" with which to slay a hopelessly corrupt system that had become putty in the hands of shrewd lawyers and lobbyists.

Brown's plan was ripped by Bill Clinton and many activist Democrats, and while the Californian's populist campaign ran out of steam, the flat tax—that wistful dream of Milton and Rose Friedman three decades earlier—finally got a national hearing.

In 1995, flat-tax proposals are all over the place. House Majority Leader Dick Armey (R-

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Tex.) has proposed a version of the Hall-Rabushka plan that is described by the authors in the article following. Other incarnations have been pushed by such middle-of-the-road figures as House Minority Leader Richard Gephardt (D-Mo.) and GOP presidential hopeful Senator Arlen Specter (R-Pa.). (See pages 22–25 for an interview with Senator Specter.)

Its current sponsors laud the flat tax's simplicity and its apparent imperviousness to the machinations of Beltway shysters. The "class legislation" argument is seldom heard, perhaps because most Americans accept the idea that the wealthy should pay taxes at higher rates. Substantial personal exemptions are built into most of the flat-tax schemes, but the poor and those of modest means lose the earned income tax credit, and Social Security taxes are left unreformed in their current oppressiveness. Naturally, some individuals would pay higher federal taxes even under plans that boast overall "revenue neutrality." The coming debate should, if nothing else, force us to re-examine the first principles of taxation.

In 1990, the liberal Green essayist Mark Satin endorsed a "simple flat tax with a generous personal exemption" and offered this prediction: "We do not yet have a political movement with the breadth, savvy, and self-confidence to go 'beyond left and right.' But we will. And it will make the flat tax a topic of passionate national debate."

Five years later—in the blink of an eye—it is.

The Incredible Flat Tax

by Robert E. Hall and Alvin Rabushka

Tax forms really can fit on postcards. In contrast to the hopeless complexity of today's income taxes, a cleanly designed tax system can require only a few elementary calculations. We have developed a complete plan for such a system—a whole new tax structure that applies a flat rate to a broad definition of income. Because its base is so wide, the tax rate is an astonishingly low 19 percent, yet the plan raises the same amount of revenue as our current system. We have written a book on the subject entitled *The Flat Tax,* and several legislative proposals based on our research are now pending in Congress, most prominently the proposal of House Majority Leader Dick Armey.

Our flat tax is fair and progressive—the poor pay no tax, and the amount that a family pays rises with income. (Progressivity doesn't require graduated tax rates. Applying a flat rate to all income above a generous personal allowance provides progressivity without the distortions of differing tax rates.) It also incorporates the best principles of the consumption tax. Taxes are assessed on what is taken out of the economy, not on effort put in. Yet it does this without the nightmarish drawbacks of the complex consumption tax proposals now pending in Congress.

Our system rests on a basic administrative principle: Income should be taxed exactly once, as close as possible to its source. Today's tax system violates this principle in all kinds of ways. Some kinds of income—like fringe benefits—are never taxed at all. Other kinds, like dividends and capital gains, are taxed twice. And interest income, which is supposed to be taxed once, escapes taxation completely in all too many cases.

Under our plan, all income is taxed at the same rate. Equality of tax rates is a basic concept of the flat tax; its logic is much more profound than just making the payer's calculations easy. Whenever incomes are taxed at different rates, or different taxpayers face different rates, people figure out ways to take advantage of the differential. And that marks the end of simplicity, fairness and efficiency alike.

Our flat tax applies to both businesses and individuals. Although our system has two separate tax forms—one for business income and the other for wages and salaries—it is an integrated whole. All income is classified as either business income or wages, and taxes on both types of income are equal. Both taxes are filed on postcard forms.

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The first piece of our system is the wage tax. Each family pays 19 percent tax on the portion of its wages, salary, and pension income that exceeds a generous family allowance. The allowance, which makes the system progressive, is $25,500 for a family of four in 1995, but would rise along with the cost of living in later years.

All the taxpayer has to do to file is report total wages, salaries, and pensions, compute the family allowance based on marital status and number of dependents and then subtract it, multiply by 19 percent to compute the tax, take account of withholding, and pay the difference or apply for a refund. For about 80 percent of the population, filling out a single postcard once a year would be the only effort needed to satisfy the Internal Revenue Service. The self-employed will need to file the business tax form in order to get the proper deduction for their expenses, but fortunately that is even simpler than the wage tax form.

Our business tax is more than just a replacement for the existing corporate income tax. It covers all businesses, not just corporations. It is calculated by taking total revenue from sales of goods and services, *subtracting* purchases of inputs from other firms, *subtracting* wages, salaries, and pensions paid to workers, and *subtracting* purchases of plant and equipment. Everything left is the income originating in the firm, and is taxed at the flat rate of 19 percent.

We sweep away the whole complicated apparatus of depreciation deductions and replace it with something much more attractive: an immediate 100 percent write-off of all investment spending. Almost all experts agree that our current tax system impedes investment. The government's solution to the problem has been to pile one special investment or saving incentive on top of another, creating a complex and unworkable maze of regulations and tax forms, and an appallingly uneven set of investment incentives.

Our idea is to start over. We would throw away the present crazy-quilt of investment incentives and replace them with a simple, uniform principle: any investment may be treated as a business expense in the year it is made. One obvious virtue of this reform is simplicity. But there is an even deeper rationale. A tax on income with a full exemption for investment is in effect a tax on consumption. Consumption—the difference between income and investment—is what people take out of the economy. We want to tax that, not what people put in in the form of savings, work, and investment. Our flat tax, with full first-year expensing of investment, is precisely a consumption tax. But it acts as such without requiring the horrendous recordkeeping and income reporting requirements of "cash-flow" consumption taxes like the Nunn-Domenici proposal.

Our business tax also ends the deduction for interest paid by enterprises. This makes sense because we propose not to tax interest received by individuals—part of our effort to tax income once at its source. Currently, individuals must pay tax initially when income is earned, and, if that income is saved, then again when it earns interest or dividends. This double taxation is unfair, and unwise, because it discourages the savings and investment that are vital to our nation's health.

Meanwhile, the current tax system leaves fringe benefits untaxed entirely, which makes no sense. The sharp shift in compensation from cash to fringes (which made up only 1.2 percent of total compensation in 1929 but almost 18 percent in 1993) is strictly a result of the fact that workers are not taxed on the value of their fringes. Yet fringe benefits are an economically inefficient way to pay workers. By bringing fringes into the tax system we make the tax system neutral, allowing workers to take their income in cash and make their own decisions about health and life insurance, parking, exercise facilities, and all the other things they now get from their employers without much choice. Further, failing to tax

BELOW:

The only forms—reproduced in their entirety—that would be required for tax filing under the Hall-Rabushka plan. The form on the left is for individuals. The forms on the right is for businesses and self-employed persons. The business form has been filled in to show what GM's full tax return would have looked like if Hall-Rabushka had been in effect in 1993.

Form 1 Individual Wage Tax 1995

Your first name and initial (if joint return, also give spouse's name and initial) Last name	Your social security number
Home address (number and street including apartment number or rural route)	Spouse's social security number
City, town, or post office, state, and ZIP code	Your occupation
	Spouse's occupation

1	Wages and salary	1	
2	Pension and retirement benefits	2	
3	Total compensation *(line 1 plus line 2)*	3	
4	Personal allowance		
	(a) o $16,500 for married filing jointly	4a	
	(b) o $9,500 for single	4b	
	(c) o $14,000 for single head of household	4c	
5	Number of dependents, not including spouse	5	
6	Personal allowances for dependents *(line 5 multiplied by $4,500)*	6	
7	Total personal allowances *(line 4 plus line 6)*	7	
8	Taxable compensation *(line 3 less line 7, if positive; otherwise zero)*	8	
9	Tax *(19% of line 8)*	9	
10	Tax withheld by employer	10	
11	Tax due *(line 9 less line 10, if positive)*	11	
12	Refund due *(line 10 less line 9, if positive)*	12	

Form 2 Business Tax

Business name General Motors	Employer Identification Number 48-2665679
Street address 3044 W. Grand Blvd.	County Wayne
City, state, and ZIP code Detroit, MI 48202	Principal product Automobiles

1	Gross revenue from sales	1	138,219,500,000
2	Allowable costs		
	(a) Purchases of goods, services, and materials	2a	53,210,950,000
	(b) Wages, salaries, and retirement benefits	2b	64,742,850,000
	(c) Purchases of capital equipment, structures, and land	2c	5,935,800,000
3	Total allowable costs *(sum of lines 2(a), 2(b), and 2(c))*	3	123,889,600,000
4	Taxable income *(line 1 less line 3)*	4	14,329,900,000
5	Tax *(19% of line 4)*	5	2,722,681,000
6	Carry-forward from 1994	6	0
7	Interest on carry-forward *(6 percent of line 6)*	7	0
8	Carry-forward into 1995 *(line 6 plus line 7)*	8	0
9	Tax due *(line 5 less line 8, if positive))*	9	2,722,681,000
10	Carry-forward to 1996 *(line 8 less line 5, if positive)*	10	0

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fringes would mean taxes on other types of income would need to be higher. Bringing all types of income under the tax system equally is essential for low rates.

Under our system, even General Motors would fill out a simple postcard form to file its taxes. Every line on the form is a well-defined number obtained directly from the business's accounting records. The taxable income computed by firms would bear little resemblance to anyone's notion of profit. Our business tax is not a profit tax. When a firm is having an outstanding year in sales and profits but is building new factories to handle rapid growth, it may well have a low or even negative taxable income. That's fine—later, when investment slows but sales are at a high level, the income generated at the firm will be taxed at 19 percent.

Because the business tax treats investment in plant, equipment, and land as an expense, companies in the start-up period will have negative taxable income. The negative tax would be carried forward to future years, when the business should have positive taxable income. There is no limit to the number of years of carry-forward. Moreover, balances carried forward will earn the market rate of interest (6 percent in 1995).

The flat tax at a low, uniform rate of 19 percent will improve the performance of the U.S. economy. Increased take-home wages will stimulate work effort and raise total output. Strong and even-handed investment incentives will raise the overall level of investment and channel it into the most productive areas. And sharply lower taxation of entrepreneurial effort will enhance this critical input to the economy.

Economists have devoted a great deal of effort to measuring the potential stimulus to work from tax reform. The consensus is that all groups of workers would respond to the flat tax by working harder. A few workers would reduce their hours either because the flat rate would exceed their current marginal rate or because reform would add so much to their incomes that they would feel that earning was less urgent. But the great majority would face much improved incentives.

Were we to switch from the current tax law to our proposed flat tax, a reasonable projection is an increase of about 4 percent in total hours of work in the U.S. economy—about 1.5 hours per person per week on the average. The total annual output of goods and services in the U.S. economy would rise by about 3 percent. That amounts to almost $200 billion, or nearly $750 per person.

The flat tax will likely increase capital formation as well. Technical estimates from economists Alan Auerbach and Laurence Kotlikoff suggest that the use of a flat-rate consumption tax like ours in place of current taxes could result in a 2 to 4 percent increase in U.S. gross domestic product over seven years. Tax reform would improve the efficiency of capital by directing investment to the most productive uses.

Today's tax system punishes entrepreneurs. The owners of a successful new business are taxed first when the profits flow in, at 34 percent, and again when the returns make their way to the entrepreneur and the other owners. All of them are likely to be in the 40 percent bracket for the personal income tax, making the combined effective tax rate close to 60 percent. Our simple tax would bring about a huge redirection of national effort toward the development of new businesses.

The flat tax would pull down interest rates immediately. A system that permits no deduction for interest paid and puts no tax on interest received will make borrowers less tolerant of high interest payments than at present, and leave lenders less pressed for them. The meeting of the minds in the credit market will inevitably occur at lower interest rates. Potentially, the fall could be spectacular—as much, we estimate, as a fifth (from 10 percent to 8 percent, for instance).

Altogether, we project that over its first seven years the flat tax proposal outlined here would produce a 3 percent increase in national output from increased work, plus an additional 3 percent bonus to the U.S. economy from added capital formation and dramatically improved entrepreneurial incentives. This means that seven years from now each American could have an income about $1,900 higher, in 1995 dollars, simply as a consequence of tax reform.

The flat tax, we conclude, would drastically simplify the tax system. At the comparatively painless rate of 19 percent it would raise enough revenue to replace the existing personal and corporate income taxes. It would be progressive, exempting the poor from paying any tax, and kicking in in such a way as to take a rising share of income for progressively higher income taxpayers. It would represent a shift from taxing saving and investment to taxing consumption. And it would bring improved incentives that would yield a thriving economy.

PROGRESSIVITY DOESN'T REQUIRE GRADUATED TAX RATES. APPLYING A FLAT RATE TO ALL INCOME ABOVE A GENEROUS PERSONAL ALLOWANCE PROVIDES PROGRESSIVITY WITHOUT THE DISTORTIONS OF DIFFERING TAX RATES.

Robert E. Hall and Alvin Rabushka are economists at Stanford University's Hoover Institution. This article was adapted by the editors from a lecture delivered at the American Enterprise Institute.

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You Say You Want a Tax Revolution?

by Grover Norquist

Pop quiz: How much money do you pay in rent or mortgage payments each month? Can you remember your first mortgage or rent payment? Do you know what your electricity and phone bills usually total?

Easy questions. You write out a check each month that is easy to visualize. Payments that were painful or brought a bank balance near zero become vivid. You remember these costs because you have to budget for that amount to be in your bank account every month. Money spent there is not available for other items. The connection between payment and service becomes direct and immediate.

Second quiz question: How much did you pay for government last month? Okay, break it down into easier parts. How much did you pay in federal income taxes? In sales taxes? How much did you pay your state and local governments?

For most of us, the cost of government is much less familiar than other expenses—even though it is bigger than most any other item. Our cost of government is hidden in repeated withholdings of personal income tax from our pay packets, in payroll taxes deducted for Social Security, in periodic property taxes, and in sales taxes that come in thousands of small salami slices.

The result is that while the average American family shells out more for government than for food, clothing, and shelter combined, we rarely know with any accuracy just how much of our lifeblood the state has drawn off in a given month.

This is done on purpose.

Politicians have deliberately designed federal and state taxation to mask the true cost of government. This is the genius of the corporate income tax. Voters can be convinced that General Motors should pay hundreds of millions of dollars in income taxes. But of course the only money General Motors ever has in this world is money it makes by selling cars to consumers. Consumers pay every dollar of the taxes laid on any business.

Our own personal tax payments are a bit more difficult to hide, but the federal withholding tax ensures that we lose our income as painlessly as possible. Like a child snatched at birth from his mother, our federal withholding tax is taken out of our paychecks surgically by our employers before we even come to think of our earnings as our own. We never even see what the government has gotten to first.

This is why House Majority Leader Dick Armey's proposed repeal of income tax withholding is so revolutionary. Every American taxpayer would be required to write out a monthly check for his or her income tax. Do this for six months and you will know exactly how much you contribute to our public sector. The true cost of government would suddenly be visible. The tax collector's bill would compete openly and honestly with the bill for the rent, the car payments, the groceries, the doctor's tab.

It would be a very healthy thing for the nation if the true price of government was open for all to see and weigh. Very soon, I believe, Americans would demand more accountability, lower taxes, and less government. They would be more realistic about demanding new public services.

Bill Clinton told us that one of the reasons we had runaway costs in health care was that we had "third-party payments." Our employers pay our health insurance, our insurance companies pay for our health costs. We don't see the bills connected with our demands for health care. We have no incentive to control expenses. We don't even know what our expenses total.

Well, government today has this arrangement in spades. Our employers take our taxes out of our paychecks and send them to Washington before we even see or touch the cash. With the costs of government hidden and in effect paid by a third party, Americans consume more government than they would if the costs were obvious.

Dick Armey's flat tax proposal has many merits, particularly its return to the principle of equal treatment of all Americans regardless of income. But its greatest advantage over the present system or a national sales tax is that every month Americans would write out a check to the government and ask themselves, "Am I getting my money's worth? Could these services be provided differently? Privately? Do federal prisoners really need color television sets? Should Tanzania get any of my money? Federal employees can retire when and at what pension?"

What was it Jefferson said about the benefits of periodic revolutions?

Grover Norquist is president of Americans for Tax Reform.

WITH THE COSTS OF GOVERNMENT HIDDEN BY WITHHOLDING, AMERICANS CONSUME MORE GOVERNMENT THAN THEY WOULD IF THE COSTS WERE OBVIOUS.

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The Nunn-Domenici "USA Tax" Proposal

By Murray Weidenbaum

There are many attractive proposals for reforming federal taxes on the table right now in Washington. One is the "USA Tax" proposed by Senator Sam Nunn (D-Ga.) and Senator Pete Domenici (R-N.Mex.).

The Nunn-Domenici USA Tax combines a revised individual income tax with a new business tax that would replace today's corporate income tax. The major change in personal income taxes would be the introduction of "unlimited savings allowances" (the "USA" part of the plan). These would allow the deduction from tax calculations of all the money an individual has saved during the year, including deposits in savings accounts, purchases of stocks and bonds, and start-up capital contributed to one's own small business. The unlimited savings account would, in effect, be a universal Individual Retirement Account, without the current paperwork and restrictions. Increasing the rewards for saving will encourage capital formation, which will in turn lead to a more rapidly growing economy and an improved standard of living for the American people.

Personal income tax deductions would increase substantially under the Nunn-Domenici plan, with a family of four able to deduct $17,600. Families would also be able to deduct up to an additional $2,000 per household member for college tuition, vocational education, or remedial education. Existing deductions for charitable contributions, home mortgage interest, and alimony would be retained.

Once these deductions take place, personal income would be taxed at rates of either 19 percent, 27 percent, or 40 percent under Nunn-Domenici, with the highest of these rates beginning at $14,400 of taxable income for a single taxpayer, $21,100 for a head of household, and $24,000 for couples. Once income taxes are calculated, the amount of Social Security and Medicare tax paid will be subtracted to determine the final amount a taxpayer owes. This last deduction ensures that Social Security taxes will be far less regressive than they currently are.

Under Nunn-Domenici, all businesses, whatever their incorporation status, are taxed at a flat rate of 11 percent of their annual gross profit. There will be no tax advantage in shifting to or from a particular form of organization, as is sometimes done at present. Corporate gross profits are calculated by taking a firm's total revenues and subtracting the amounts the firm paid to other companies for goods and services purchased, including plant and equipment, inventory, parts, supplies, outside services, and utilities. All equipment purchases are immediately deductible as a business expense; they do not have to be depreciated over several years as at present. Financial transactions, however, are excluded from the calculation of gross profits; in their tax calculations, firms would include neither interest and dividends received nor interest and dividends paid.

The Nunn-Domenici cash-flow tax on business superficially resembles a value-added tax (VAT), since both taxes are calculated using a base of sales minus purchases. But while a VAT is intended to supplement existing tax structures, the cash-flow tax will replace the corporate income tax. And while VATs are very complex to administer, the cash-flow tax will make business tax returns substantially simpler. The Tax Foundation estimates that tax compliance cost U.S. businesses $112 billion in 1990—about 75 percent of the total amount of federal corporate income tax collected, a horrible inefficiency.

There are many similarities between the Nunn-Domenici USA Tax and the flat tax adapted by House Majority Leader Richard Armey from the work of economists Robert Hall and Alvin Rabushka. Both proposals increase the tax burden on consumption and decrease it on saving and investment. Both simplify the tax system substantially, and neither requires an additional record-keeping apparatus or enforcement system because neither creates a new tax.

But because the base of the flat tax is wage and salary income and not consumption, I believe the Nunn-Domenici USA Tax does a better job in encouraging saving. In addition, those of us who favor a progressive taxation plan should worry about a tax policy where both rich and poor are taxed at the same rate.

But both Nunn-Domenici and Armey-Hall-Rabushka are far less burdensome than either a national sales tax or a VAT, both of which would require a new record-keeping system for business and a new collection system for government. In addition, since both a national sales tax and a VAT substantially raise prices for goods and services, the introduction of either one would trigger an upward movement in inflation. And every exemption that special interests managed to get added to a VAT or sales tax—for food, clothing, or medicine—would make for an even more complex and bureaucratic system, adding more distortions to the economy. (In France, for example, an extensive debate took

BOTH THE NUNN-DOMENICI PLAN AND THE HALL-RABUSHKA PROPOSAL INCREASE THE TAX BURDEN ON CONSUMPTION AND DECREASE IT ON SAVINGS AND INVESTMENT.

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place about whether or not Head and Shoulders shampoo was a tax-exempt medicine or a cosmetic product subject to the full VAT.)

The Nunn-Domenici USA Tax offers a favorable combination of simplification, economic growth incentives, and fairness.

Murray Weidenbaum is a member of the Council of Academic Advisers of the American Enterprise Institute, and chairman of the Center for the Study of American Business at Washington University in St. Louis.

What Does the Public Want?

by Frank Luntz

America is ripe for fundamental tax reform. We see this time and again in the nationwide focus groups I conduct, and confirm it through our national polls. If radical tax reform is passed, few will weep for the IRS agents, tax attorneys, and CPAs who might be put out of work.

OUR RECENT RESEARCH FINDS ENORMOUS POLITICAL SUPPORT—ROUGHLY 80 PERCENT—FOR SWEEPING TAX REFORM.

One important factor that will shape the public's response to any proposed tax reform is the rate it imposes. When pressed for what they think would be a fair tax rate, most Americans readily agree to something near the 20 percent range. But what frustrates Americans most is the complexity of the current system, and the perception that "the rich" are currently not paying their fair share because of their greater ability to navigate the 7,000-page Internal Revenue Code with the help of pricey attorneys and accountants.

Almost universally, Americans believe that deficits are the result of the too much government spending, not too little government taxing. For that reason, they want the federal budget balanced without increasing taxes—period. They feel the budget deficit hanging over them in the same way a late mortgage payment would, or news that their credit rating had fallen. They're used to balancing their checkbooks and living within financial bounds, and are terribly upset that their representatives in Washington don't make the government do the same.

Once the deficit is locked on a path toward zero, the public's next big priority is to fix the way we collect taxes. Rather than further complicating the existing mess of tax laws, an increasing number of people are looking for wholesale abandonment of the current Internal Revenue Code. Our recent research finds enormous political support (roughly 80 percent) for sweeping tax reform.

Of the several variations of tax reform now being offered, I'll start with the consumption taxes, which are easiest to dispatch. Republicans were wise to reject a Canadian-style health care system, and they should also quickly reject a Canadian-style goods and services tax, or GST. Similar proposals don't stand a snowball's chance in hell of withstanding public scrutiny.

Put in place by an unsuspecting Conservative Party in 1991, the Canadian GST is a value-added tax that is applied only to the end users of a product. That is, if you were buying a bar of soap to supply your bed-and-breakfast, you wouldn't pay the tax, but if it was for your own home, you would. This system opened a political Pandora's box of the worst variety: for business, the GST was a bookkeeping nightmare that required new, programmable cash registers and incurred very high accountancy costs for compliance. This was especially true for companies that did business in all 10 provinces—nine of which have their own sales tax—or that sold products that were taxed at different rates. The GST also created an explosion in the underground economy, which big Mounted brother must now police. In addition, products were taxed according to type of product and how it was packaged. These variances led to intensive lobbying for concessions to various industries.

The tax is also very regressive, hitting lower income families hardest of all. When asked which is fairer, an income tax or a consumption tax, 47 percent of Canadians now say an income tax; only 35 percent choose a consumption tax. When asked if they approve specifically of the GST, 78 percent of Canadians say no; only 20 percent say yes. But Canada is now under a liberal government that encourages politicians to keep spending their way toward utopia, so the GST's revenue stream is much appreciated in Ottawa.

If Canada's experience isn't reason enough to reject all value-added tax proposals currently before Congress, there is the additional reality that value-added taxing also tests poorly in America. Those who know of it don't like it, by a margin of three to one. Related proposals for a national sales tax are also unpopular with Americans.

Just the same, Americans we talk to are concerned that the present tax system depresses private savings. Being taxed when they earn their money and then taxed again when they invest it discourages persons from putting money into savings, and that in turn limits investment in the United States economy. Which brings us to a second tax reform proposal—the Nunn-Domenici USA Tax, now receiving ovations

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from leaders of high-growth businesses. The USA Tax plan would replace current individual and business income taxes with a two-part system encouraging investment and allowing unlimited tax-free saving. The fundamental change here is to view citizens less as payers of taxes than as producers of the income and invested capital that a growing economy depends on.

Like our current tax system, the USA Tax has progressive tax rates. But it also has an enlarged family allowance and expanded earned income tax credits that would allow many lower-income households to escape taxes altogether. The plan's main innovation for individuals would be to allow full deferral of any taxation on their savings. A person making $40,000 a year and depositing $5,000 in a savings account or stocks would be taxed only on the $35,000 "consumed."

For businesses, the USA Tax provides an 11 percent flat tax for everybody. This would be applied to gross sales revenues minus the cost of goods and services purchased before paying payroll, stock dividends, and interest. Exports would be exempt from taxation, and only income generated in the United States would be taxed.

While its tax rates for individuals are flatter than current ones—three levels instead of five—the USA Tax also has higher initial rates. And it is a lot more complicated than competing reform proposals. It would require a great deal of explaining to the public. Also, it expands the Earned Income Tax Credit program, whose costs have exploded in recent years, along with fraud levels. These facts do not bode well for the USA Tax's political prospects, especially after many Americans have heard wondrous tales of a day when they can file their return on a post card. My guess is that the USA Tax is dead on arrival.

This brings us to the flat tax, today's third major reform option. It is now virtually impossible to conduct a focus group about the deficit without someone volunteering the need for a flat tax. A majority of Americans view a flat tax without deductions as a way to curtail the wealthy from sheltering income. The idea that everyone would be taxed under the same rules has great appeal, as does the concept of filling out a tax form on the back of a postcard. Typical Americans spend hundreds of dollars and dozens of hours in tax preparation. Anything that simplifies the process is perceived to be a good thing.

At present, Americans prefer the flat tax over our existing system by a margin of two-to-one. Three main factors explain this:

Uniformity. The public dislikes having tax advantages parceled out to those who hire expensive lobbyists. People want equality before the law, something alien to the current Internal Revenue Code.

Fairness. Americans want to know that the guy in the mansion on the top of the hill is paying his fair share as much as they want to know that those on the other side of the tracks aren't just along for the ride. To Americans, fairness means that everyone pays his share. It does not mean soak-the-rich; it does not mean progressive tax rates. It does mean that the wealthy must actually pay up. A no-deductions flat tax assures this.

Simplicity. People don't want to pay accountants to prepare their taxes, which a surprising number of non-affluent taxpayers do. Many voters are concerned that they are missing deductions they are entitled to because the system is so complex. Tax simplification could eliminate these problems, while also allowing dramatic reductions in the size of the IRS.

When respondents are informed that instead of today's 480 tax forms a flat tax would rely on two postcard-sized forms, the public's two-to-one preference for the flat tax grows even larger.

A popular criticism of the flat tax insists that eliminating deductions would hurt churches and charities. Americans in general don't share this view. They believe they are generous because it is right, not because government subsidizes generosity. But policymakers should bear in mind the political weaknesses in some flat tax plans. For one, Americans don't want to give up the home mortgage deduction even if the flat tax rate is 17 percent. For another, Americans overwhelmingly demand that the flat tax be lashed to major cuts in government spending. Some actually hope that the flat tax would lower revenues and thereby force fiscal restraint on Washington.

If Republicans can deliver on the principles of uniformity, fairness, and simplicity, voters will be less concerned about precisely how much revenue a new tax mechanism brings in. Should there be reduced revenues that encourage further spending cuts, the American people will look on tax reform as one of the great events of the decade.

One of the central lessons of 1994 was that bold is better. The Contract With America was a great beginning for the Republican Congress. The effort to balance the budget by 2002 represents enormous additional progress. But the complete and utter destruction of the income tax system as we know it is what will finally convince Americans that the GOP is serious about returning government to the people.

Frank Luntz is president of the Luntz Research Companies and a former fellow of Harvard University's Institute of Politics.

"WHICH ONE OF THE FOLLOWING THREE TAX SYSTEMS DO YOU MOST PREFER?"

The current system—tax rates from 15 to 39 percent and all existing deductions, credits, and exemptions
27%

A flat tax system where every person and corporation pays the same flat rate—about 20 percent, with only deductions for home mortgages and charitable contributions
32%

A flat tax system where every person and corporation pays a flat rate of 17 percent—with no deductions, credits, or exemptions at all
29%

Don't know
12%

Source: Survey by Princeton Survey Research Associates for *Newsweek*, April 6–7, 1995.

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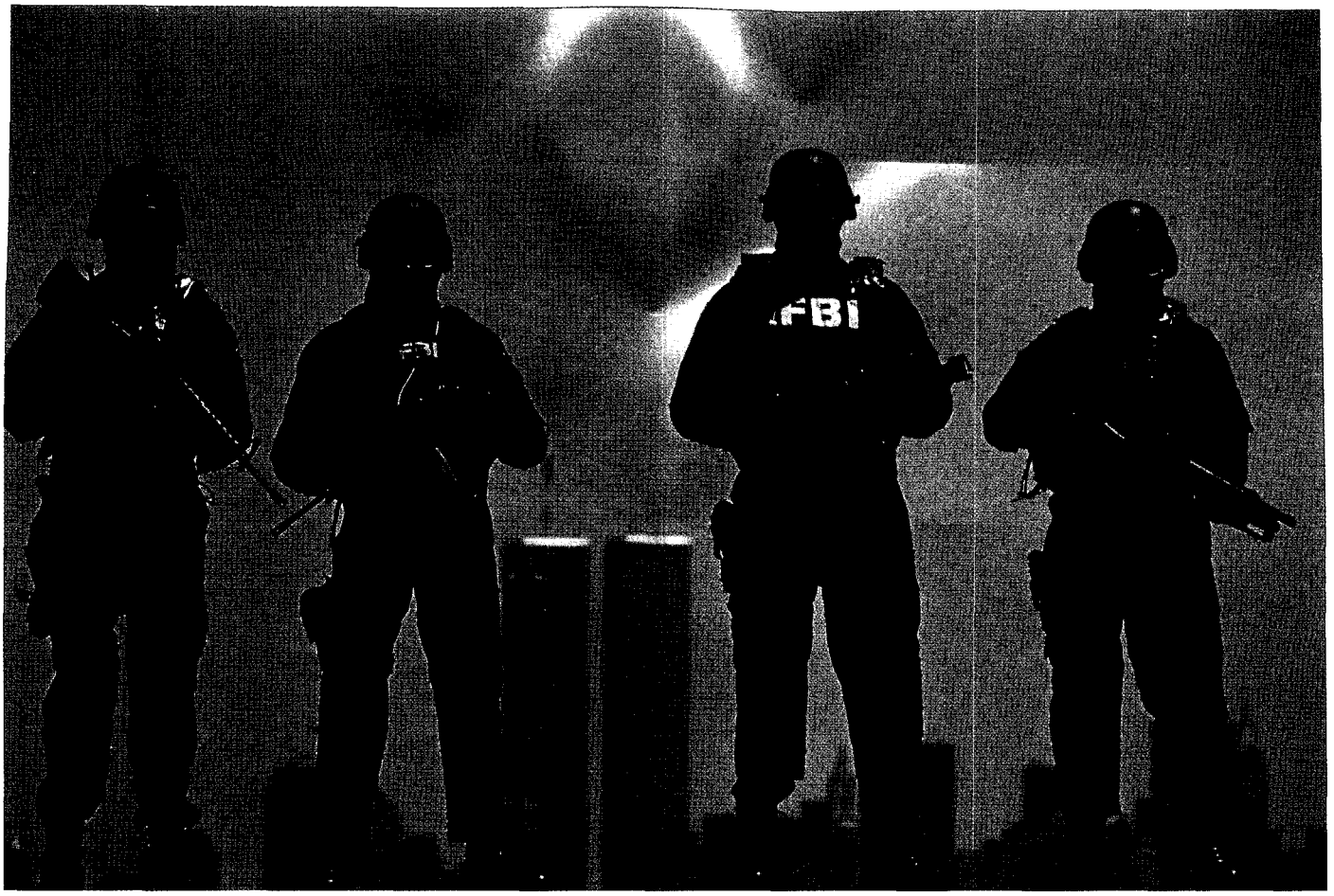

REMI BENALI—GAMMA/LIASON

CLINTON'S TERRIFYING RESPONSE TO TERROR

by David Kopel

Have millions of Americans gone nuts? A person who gets most of his news from recent television and newspaper reporting might be inclined to answer "Yes." The large numbers of Americans who belong to militias, "patriot" groups, and the like have been portrayed in many outlets as dangerous, anti-social, terroristic kooks. But before Americans accept the prevalent notion that such individuals and groups need to be crushed by federal law enforcement officials as soon as possible, they might want to acquire a more complex and accurate understanding of who is involved, and for what reasons.

The first thing that needs to be understood is that equating all militias with white supremacists is nonsense. Some militias may have members, or even officers, who are racist, but that doesn't mean all the organizations, or the majority of their members are racists. In contrast to the motley pack of losers that dominate groups such as Aryan Nation, most militias are composed of people with jobs and families; people who are seeking to protect what they have, not to inflict revenge on others for their own failings.

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Second, despite the impression created in the broadcast media, militia members, "patriots," and others are not motivated solely by the two *cause célèbre* cases of Randy Weaver and Waco.

The Weaver and Waco cases were horrible abuses of government power. (See details on pages 72 and 73.) In the Weaver case, a young boy was shot in the back by a U.S. Marshal, and a mother cradling an infant was killed by an FBI sniper. A secret but partially leaked Justice Department report concludes that governmental actions in the Weaver case violated both statutory law and the United States Constitution. Yet the man in charge of the Weaver case, Larry Potts, has been promoted to the number two slot at the FBI.

In Waco, an arrest warrant for one man who lived in a building with 126 other people was served by a machine gun, grenade, and helicopter assault. Later, a chemical warfare agent that is banned in international battle was used against men, women, and children at the Mount Carmel Center, despite Army field manuals that state that the gas should not be used indoors or against the young.

Horrendous as they were, however, these two incidents would not have become a rallying cry if they did not resonate with the personal experiences of so many people. The increasing militarization of American law enforcement is a justifiable concern of many Americans. Federal agencies ranging from the Bureau of Alcohol, Tobacco and Firearms to the FBI, Drug Enforcement Administration, and U.S. Marshals Service increasingly employ SWAT teams, helicopters, armored personnel carriers, and other combat gear against civilians. Even more worrisome, the National Guard and other branches of the military are increasingly being used for domestic law enforcement purposes, tasks which they are not intended, or at all well-trained and -equipped, to handle.

Low-flying, unmarked helicopters have become so pervasive in rural America that right-wing "Patriot" groups have developed feverish worries that the helicopters are an advance guard of some United Nations "peacekeeping" force. Actually, the helicopters (which appear black but are really a very dark green) are usually National Guard helicopters looking for marijuana, flying low over farms and houses over which there is not a shred of criminal suspicion.

The Bureau of Alcohol, Tobacco and Firearms, notoriously implicated in the Waco case and many others, has been building a reputation for roguish behavior for two decades. A 1982 Senate investigation of the agency unanimously concluded that it habitually engaged in "conduct which borders on the criminal.... Approximately 75 percent of BATF gun prosecutions were aimed at ordinary citizens who had neither criminal intent nor knowledge, but were enticed by agents into unknowing technical violations." Although the bureau toned down its activities during the Reagan administration, it is now as bad as ever, much to the dismay of the many decent and high-quality BATF employees.

BATF staffing has been increased 50 percent since 1985, and its theater of operations has been expanded. Robert E. Sanders, former head of the BATF's criminal division, observes that the bureau has recently "shifted from the criminal to the gun," and is now waging "an all-out war against firearms." Sanders notes that "instead of focusing on selected criminals, there is an indiscriminate focus on anyone who owns guns. They are in total consonance with the Clinton administration's anti-gun position and with the gun-control groups."

If you interview licensed firearms dealers who have been "inspected" by the BATF, you will often hear stories of bullying and intimidation. In recent years, other federal agencies like the Internal Revenue Service, Fish and Wildlife Service, Equal Employment Opportunity Commission, Drug Enforcement Administration, Food and Drug Administration, Environmental Protection Agency, and various branches of the Justice Department have likewise developed reputations for abuse of their police powers over citizens.

To respond intelligently to the militia and patriot movements, we must acknowledge that while they are permeated with implausible conspiracy theories, the movements are largely a reaction to the increased militarization, lawlessness, and violence of federal law enforcement. This is a genuine problem that should concern all Americans.

We must remember that it is lawful in the United States to exercise broad freedom of speech and association, and to bear arms privately. Spending one's weekends in the woods practicing with firearms and listening to gung-ho political speeches is not my idea of a good time. But there is not, and should not be, anything illegal about it.

In order to combat terrorism do you think the federal government should be given more powers to investigate U.S. citizens, or do you think the government already has enough power?

Yes, should	**33%**
Already has enough power	**61%**

If the federal government were given more powers in order to combat terrorism, would you worry or not worry that the government would abuse these powers?

Worry	**60%**
Not worry	**35%**

Source: Yankelovich poll for *Time*/CNN, April 27, 1995.

Tying all militia members or patriots to the Oklahoma City bombing is hatemongering. Law-abiding militia members are no more responsible for Oklahoma City than law-abiding Arab-Americans are responsible for the deeds of the Libyan secret service.

If we want to shrink the militia movement, the surest way is to reduce abusive behavior by the federal government. If law-abiding Americans are not trusted by their federal government, why should they trust it? If we want to reduce paranoid behavior we must stop giving citizens reason for trepidation and concern. A necessary first step will be to require thorough, open investigation of troubling recent events like those at Waco and Ruby Ridge. If, as the evidence strongly suggests, federal agents broke the law in these places, they should be prosecuted.

Unfortunately, the response of President Clinton is just the opposite. He proposes broad new "anti-terrorism" legislation (H.R. 896) that would produce massive increases in wiretapping (in some cases without court order), punish Americans who support the lawful activities of foreign groups if those groups also engage in unlawful activities, and federalize almost all of criminal law by allowing all property crime and any violent crime at or above the level of serious assault to be defined as "terrorism." For "terrorist" offenses, bail is outlawed, and prison sentences are mandatory, and all previous restrictions against use of the military in domestic law enforcement are abolished. Also abolished are all jurisdictional restraints on federal agencies; the IRS would no longer be limited to tax

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cases, nor the BATF to alcohol, tobacco, and firearms, nor DEA limited to drugs. Senator Dole's alternative anti-terrorism bill (S. 735) contains most of the same flaws as the Clinton bill, but is slightly more restrained on some issues.

Increased federal repression is a sure-fire formula for abuse of constitutional rights. Far from being secretive, militias and patriot groups hold public meetings that they advertise in local newspapers. Many of them organize through quite mainstream channels, and their votes are significant in some congressional districts. If dissident groups are outlawed and driven underground, then some of their members may become convinced that working within the system is impossible.

America's great strength has always been its tolerance, its freedom, and its determination to make the government abide by the law. If we sacrifice these strengths in order to symbolically demonstrate our opposition to terrorism, we will have let the terrorists win.

David Kopel is research director of the Independence Institute, a public policy research organization based in Golden, Colorado.

THE BATF AND FBI OUT OF CONTROL

■ On December 16, 1991, 60 agents working for the Treasury Department's Bureau of Alcohol, Tobacco and Firearms (BATF) broke into the Oklahoma home of John Lawmaster. Acting on a tip (suspected to be from Lawmaster's ex-wife) that Lawmaster had illegally converted a semi-automatic weapon to full automatic, the BATF worked with the ex-wife to lure Lawmaster away from his home before the raid. With Lawmaster absent, agents knocked down his front door with a battering ram. While some agents stood guard with weapons drawn, others broke open his gun safe, scattered his personal papers, spilled boxes of ammunition onto the floor, and broke into a small, locked box that contained valuable coins. To look through some ceiling tiles, one agent stood on a table, breaking the table in the process. Neighbors who asked what the agents were doing were threatened with arrest. Having found nothing illegal, the BATF departed, leaving weapons and ammunition strewn about the home. Since they had broken the doors on the way in, the entrances to the house could not be latched or locked. Upon returning to the shambles that remained of his home, Lawmaster found a note from the BATF: "Nothing found." Utility company representatives arrived, and told Lawmaster that they had been told to shut off all his utilities. One of the field commanders of the raid, supervising from a parked vehicle with tinted windows, was Ted Royster, head of BATF operations for Texas, Oklahoma, and New Mexico. Royster also supervised the BATF assault at Waco.

■ In May 1992, BATF agents raided the house of Louis Katona of Bucyrus, Ohio, a businessman and part-time police officer, seizing his gun collection. According to a lawsuit filed by the Katonas, the tires of the family car were flattened during the search, his firearms were intentionally damaged, and his pregnant wife Kimberly was pushed roughly against a wall. Mrs. Katona miscarried shortly after. When Katona was tried on the BATF allegations in April 1994, U.S. District Judge George W. White directed a verdict of not guilty—asking on the record, "Where's the beef?"—and ordered the gun collection returned.

■ On May 25, 1994, the home of gun show promoters Harry and Theresa Lamplugh was raided by the BATF. According to a law suit filed by Mr. and Mrs. Lamplugh, at least 15 BATF agents, masked and armed with machine guns, burst into the rural Pennsylvania dwelling early in the morning. Mr. Lamplugh asked the men, most of whom were not wearing uniforms, if they had a warrant. "Shut the f— up motherf—er; do you want more trouble than you already have?" they responded, sticking a machine gun in his face. The Lamplughs cooperated completely with the intruders, opening safes, locks, and cabinets, yet were treated with contempt.

Over the next six-and-a-half hours, BATF agents wrecked the residence, refused to let the Lamplughs get dressed, killed three house cats, scattered Mr. Lamplugh's cancer pills all over the floor, and carted off over $15,000 worth of the Lamplugh's property, plus their marriage and birth certificates, school records, insurance information, vehicle registrations and titles, a directory of the phone numbers of their friends and family, even their medical records. From the Lamplugh's home business, agents took about 70,000 names and addresses of gun show exhibitors, plus exhibition contracts through the year 2000. A stack of mail was opened, read, and also confiscated.

What transgression by Harry and Theresa Lamplugh prompted this harsh treatment by a small batallion of armed federal agents? Shockingly, there are no good answers to that question. The Lamplughs happen to promote about 40 gun shows a year in the Northeast, many sponsored by such groups as a Lions Club or an American Legion post. A gun show is more than just a place where firearms collections are displayed. It is also an opportunity for people of common interests to meet for exchange of information and opinions. Criticism of the BATF is not uncommon at such forums, and it is possible the rough handling of Harry Lamplugh represented a kind of payback by the agency. There was no reference to any crime by any person on the BATF search warrant. And nearly a year later, the government has neither filed any criminal charges, nor returned any of the couple's property, even the medical records.

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■ Randy Weaver was a white separatist who lived with his family in a remote cabin in northern Idaho. There was no indication that he had ever advocated or participated in illegal violence. He was, instead, reclusive. When he was approached by federal agents who wanted him to infiltrate white supremacist groups and serve as an informer, he refused. He was later entrapped (a jury concluded) into selling undercover BATF agents two shotguns whose barrels had been shortened (at the request of the undercover agents) to one-quarter of an inch below the legal 18-inch limit. Weaver failed to appear for a court hearing resulting from the illegal firearms sale; as it later turned out, the order to appear that had been mailed to him gave an incorrect date for the hearing. A fugitive arrest warrant was issued for Weaver.

United States Marshals descended on the Weavers' home on August 21, 1992. The family's three dogs began barking, and Randy Weaver, his friend Kevin Harris, and 13-year-old son Sammy Weaver grabbed their guns to run and investigate. The marshals, wearing camouflage and carrying silenced machine guns, did not identify themselves or their purpose, but they did shoot one of the dogs. Sammy Weaver returned fire, and was promptly shot by a marshal. Sammy turned and fled, with his nearly severed arm flopping as he ran. Sammy was promptly shot in the back. Nearby, Kevin Harris concluded that if he fled, he too would be shot; Harris fired his rifle in the direction of the marshal who had shot Sammy; the bullet killed marshall William F. Degan.

Randy Weaver had only heard the shooting, but had not seen what had happened. "Come on home, Sam. Come home," he yelled over and over. At last, Sammy called "I'm coming, Dad." Those were apparently the last words Sammy Weaver said before he died.

Harris's shot disordered the marshals, and Weaver and Harris used the opportunity to retreat to their cabin. Later that day, Randy Weaver and his wife Vicki picked up Sammy's dead body and carried it to a building near the cabin, where they prepared their son's body for burial. Meanwhile, over 300 government agents, led by the FBI "Hostage Rescue Team" descended on Ruby Ridge, Idaho, where Weaver's two-story cabin was located. Commanding the FBI at Ruby Ridge was Richard M. Rogers, who would later serve as a field commander at Waco. FBI rules of engagement allow use of deadly force only when necessary to protect an innocent person from imminent peril. But on the plane out to Idaho, Rogers wrote new rules of engagement for Ruby Ridge. The rules were approved by Larry Potts (who, as mentioned, now occupies the FBI's second highest post), who instructed that deadly force "could and should" be used against all armed adults, according to the sworn testimony of Rogers.

The new rules allowed FBI snipers to shoot any adult who was armed (though it is entirely legal under state law to carry arms outside on your own property). At Weaver's trial in 1993, Hostage Rescue Team Director Rick Rogers was unable to cite any authority allowing the FBI, in violation of state law, to shoot people who were posing no imminent threat. As at Waco, a siege ensued, with the "Hostage Rescue Team" surrounding the residence of people who, far from being held hostage, simply wanted to be left alone.

At about 6 p.m. the next day, 16-year-old Sarah Weaver, her father Randy, and Kevin Harris walked out to the nearby shed to pay their last respects to Sammy. They were carrying firearms. Standing by the open door was Mrs. Vicki Weaver, holding her 10-month-old daughter, Elisheba.

FBI sniper Lon Horiuchi fired and hit Randy Weaver in the shoulder. Horiuchi later testified that Weaver was shot to keep him from shooting at a helicopter overhead, but associate Marshal Service director Wayne Smith testified that no helicopter was over the Weaver cabin that day. Sarah Weaver, Randy Weaver, and Kevin Harris fled back toward the cabin.

Sniper Horiuchi fired again, this time at a person he could not identify clearly but said he thought was Kevin Harris (although Harris was not even alleged to have threatened any helicopter). His .308 slug crashed into Vicki Weaver's head, spraying skull bone fragments across the room as the slug exited her body and entered Harris's. Mrs. Weaver's body fell to its knees, and her head came to rest on the floor, like a person at prayer. Randy Weaver took baby Elisheba from her arms, and lifted his wife's head; half her face had been blown away.

The FBI used loudspeakers to taunt the family. "Good morning, Mrs. Weaver. We had pancakes for breakfast. What did you have?"

An FBI psychological profile, prepared before the attack, called Vicki Weaver the "dominant member" of the family, implying that if she were "neutralized" everyone else might surrender. During the next week, the FBI used loudspeakers to taunt the family. "Good Morning, Mrs. Weaver. We had pancakes for breakfast. What did you have?" asked the agents in at least one exchange. The baby cried often for its mother's milk. Eight days after Vicki Weaver was shot, her husband surrendered.

Defense attorney Gerry Spence agreed to take the case *pro bono*, and in April 1993, Kevin Harris went on trial for murder, with Randy Weaver charged with conspiracy to commit murder. The government attempted to portray Weaver as a political and religious zealot who sought a holy war with federal agents, though his clear goal had been to avoid government agents. Weaver and Harris claimed self-defense, and that the government unjustifiably fired first. With no defense evidence even introduced, the jury acquitted Weaver and Harris accused of all charges of criminal violence, and the court fined the federal government for withholding evidence, falsifying evidence, and lying. Weaver was convicted only of his failure to appear for the court hearing growing out of the BATF sting.

—DK

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THE DANGER in Idaho

by Ben Stein

Maybe it has to do with the fact that big city journalists tend to be scared of the countryside. It's dark, alien, filled with long empty stretches where bogeymen wait.

Until 1992, I only knew North Idaho from what I read in the newspapers and saw on TV. That meant a ruggedly beautiful region with rushing waters, craggy mountains, and a determinedly racist, anti-Semitic, neo-Nazi population. I had seen it on TV: Nazi flags in taverns near Coeur d'Alene, the Aryan Nations meetings in Hayden Lake, the secret redoubts of the crazed white supremacists in the north near Canada. It was scary territory for a Jewish urbanite like me, best left to the brave journalists who dared to go there and the federal marshals who occasionally went in to take control of particularly vicious thugs.

But in 1992, at the urging of a friend, I went to North Idaho. "It's beautiful," he said, "and it's completely different from what you expect." I flew to Spokane, rented a car, and went to Coeur d'Alene. My friend was right. It was completely different from what I expected. I stayed at a modern resort where the clerks were friendly and helpful. I walked around a lakeside park where young people of all races played together happily. That evening, I went for a walk along the main street of town. There was a parade of 1950s cars.

The next day, I drove up the highway about 45 miles and over a long bridge to a town called Sandpoint. I found my way to a little, perfectly manicured park by an immense lake called Lake Pend'Oreille, and sat down. It was a dazzlingly hot summer day. There was an unusual sandy beach by the lake, and on it, something really rare was happening.

Whole families were lying on the sand, joking with each other, genuinely having a good time. Moms and dads and kids happy to be outside with each other. No loud music, no gangs, no scary muscle men striking poses at each other, no police. There were a lot of smiles and a lot of parents hugging and swimming with their kids. In the little town, knots of small children nodded to each other and ran into candy stores to buy jelly beans. They left their bikes in front without locks. There were no Nazis to be seen anywhere.

Since then, I have been back to Sandpoint at least 15 times. I have taken my son, now seven, each time. Both my son and I have friends there. The boys fish and swim and walk through town together without needing adults to keep them from being harmed, please God.

When I walk down the street, people smile at me. My son is welcome to climb all over any counter at any store. The owners don't say, "get the hell off," as they would in Los Angeles. They say, "Hey careful, buddy," with "buddy" drawn out in an affectionate tone. I have come to think of Sandpoint as home. I feel safe there. I feel safe for my son there. It is, to say something that will take your breath away, like America in the 1950s. When there is a high school play, the whole town turns out, from brothers and sisters of the cast members to grandparents.

I've spent time in Bonner's Ferry, an even smaller town about 30 miles north, also supposedly a hotbed of Nazi activity. Again, it's a peaceful, friendly place, like a Norman Rockwell postcard of America. I don't just come for a day to these places. I come for weeks and months out of the year, and I see nothing that looks at all like a Fourth Reich in the making. I asked a police sergeant in Sandpoint if he could remember any hate crimes at all. "Maybe in Spokane," he said. "Not here. Everybody knows everybody."

So what's happening? In recent months, there have been Idaho-bashing stories about Nazi conclaves and their supposed threat in the *Los Angeles Times*, the *New York Times*, the *Boston Globe*, and the *Houston Post*. They are always on the same themes—guns, Nazis, survivalists, racists, danger. The ultimate was a story in the *New York Times Magazine* that showed a burning cross above Coeur d'Alene, as if it were a symbol of daily life in Idaho. These stories are about very bad people, whose craziness has recently been cruelly exposed. But they are about a minuscule portion of a sea of overwhelmingly kind, open people. They represent Idaho no more than a few lunatics who bomb children represent New York or Michigan.

How did the media get the picture so wrong? Maybe it has to do with the fact that big city journalists tend to be scared of the countryside. It's dark, alien, filled with long empty stretches where bogeymen could lie in wait. What they do not know they distrust and dislike.

Journalists also tend to be liberal Democrats, and they know that North Idaho is not with them, so they assume that North Idaho must be bad. Their lexicon of badness is limited. Because the region is rural, the favorite anti-conservative slur of "fat capitalist boss" doesn't work. So they take another word from their tiny jar of put-downs—"racist"—and apply it with vigor.

This hatred of small towns in the liberal imagination is connected with the traditional hatred of big-city intellectuals for the reactionary countryside—and follows the line of thinking laid out by Karl Marx's acid comment about "the idiocy of rural life" in *The Communist Manifesto*.

There is some historical correction going on now. The discovery that the FBI, and not "white supremacist" Randy Weaver, was at fault in the shootout at Ruby Ridge (near Bonner's Ferry) that left Weaver's wife and son dead has opened a few eyes about the relative threats from North Idaho locals versus out-of-control federal law enforcement officers. But the stereotype runs deep.

The next time you're looking at photos of cross burnings in Coeur d'Alene on the front of the *New York Times Magazine*, keep in mind that while there may be 20 pathetic Nazis in North Idaho, followed around by a hundred journalists, the real place is nothing like what you read about in the media. Visit yourself one day—or visit some other "Idaho" nearer to you. You'll learn a lot about non-urban life today, about the real America, and about the real media.

Benjamin J. Stein teaches law at Pepperdine University.

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Transcript

WORDS WORTH REPEATING

LEAVING SOCIALISM

From a lecture by Václav Klaus, prime minister of the Czech Republic, delivered at the American Enterprise Institute May 3, 1995.

Several years ago I compared the post-communist transformation of the Czech Republic to a game of chess. Regarding future stages of the transformation I begged my fellow countrymen not to ask me what the situation on the chessboard would be after the twenty-fifth move of the white bishop. I tried to convince Czechs and Slovaks that instead they should test whether I know the right opening strategies of the game. Opening strategies were crucial at that moment. The twenty-fifth move was neither interesting nor relevant.

Our task at the time was to completely replace a communist system—with a democratic society based on political pluralism and the rule of law; with an efficient market economy based on private property and private initiative; with limited government.

In hindsight I recognize what a delicate task this was. The kings and queens of the chess game had the ability to move beyond our control. We were thus required to create a strategy that was pragmatic and flexible.

The institutional changes we have introduced over the last five years include the most radical and rapid privatization of state property ever attempted, far-reaching price liberalization, foreign trade liberalization, internal convertibility of the currency, and rapid expansion of the necessary infrastructure of a full-fledged market economy.

We have now reached a post-transformation stage, which involves issues similar to those facing your country. Yet we are even more sensitive to the dangers of regulation than Western countries that have not lived through the communist experience.

One challenge of the post-transformation period of the Czech Republic is blocking new forms of licensing and regulation. It's our goal to gain membership in the European Union. Yet that would force us to import more state intervention. I believe that our only chance of changing the EU is from the inside. Thus I foresee that on the morning following our acceptance into the EU we must start organizing a Velvet Revolution there as well.

OUR EXPERIENCE WITH SOCIALISM IN CZECHOSLOVAKIA GIVES US SPECIAL SENSITIVITY TO THE NEED TO PROTECT FREEDOM FROM THE ETERNAL DANGER OF CREEPING STATISM.

We also face internal pressure from special interests such as lobbying groups and rent-seekers. This has become a problem in our country. One of the preconditions for the rapid pace of political, social, and economic changes in the Czech Republic was the weakness of special interests. They were too weak in the first years after the Velvet Revolution to block our reform measures. This is, in my opinion, an important point that has never been seriously discussed. Now, five years later, these groups are gaining power, and we face a crucial fight.

Our main goals now lie in the economic sphere, even though I know that transformation involves a very delicate interplay of political, social, economic, and cultural factors. To think that it is possible to move ahead in one direction while leaving other dimensions of life behind is a mistake.

On the economic side of the matter, we must first complete the liberalization and deregulation process. This will involve freeing the few prices still controlled and introducing full convertibility of the currency. We must also complete the privatization process. Not all companies in the Czech Republic are in the hands of private persons, but the major privatizations connected to systemic change are over. We will now have standard cases of privatization as in any Western country, including decisions of whether to privatize railways, telecommunications providers, and the postal service.

Finally, our main task is similar to what you are doing in the United States: it is the eternal fight for economic freedom. We will struggle to maintain the economic liberties won after eliminating the collectivistic ideology, after liquidating the institutions connected with the centrally planned, centrally administered economy. We fear that we could lose our economic freedoms again under different banners.

Our experience with socialism in Czechoslovakia gives us special sensitivity to the struggle of obtaining and keeping economic and political freedoms. We see the similarities in the arguments used in our country in the past and in the present sophisticated debates in Europe, the United States, and elsewhere. We must all watch our own policies and institutions. There is always the danger of creeping statism and stronger government powers. It is our duty not to let these things destroy our fragile and free democratic society.

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In Real Life

THE DAILY WORK OF AMERICANS

A WORTHWHILE STRUGGLE

By James D. Jameson

In the course of transacting business recently in Vietnam, I was able to meet with Nguyen Co Thach, who retired two years ago as foreign minister but is still a major political and economic adviser to the government. He sat across the table from Henry Kissinger in Paris in 1973 and ran the Vietnamese foreign policy establishment from 1977 until 1993. We sat together at the government guest house across from the Metropole Hotel.

"Please tell your friends to come to Vietnam. We are ready. Our policies are favorable to investment now. We have much to accomplish and we need your help," he stated.

"Yes, I'm impressed with the opportunities. You have opened the way for foreign investment," I responded.

"I want you to know that we are still socialists. We still believe that capitalists exploit the people, but we know we need this foreign investment," he said.

His pragmatism was laudable, but my thoughts raced. Yes, Vietnam. This was what it was all about. I couldn't refrain from reacting when he paused. "But, Mr. Foreign Minister, I studied the works of Marx, Engels, and the private letters of Lenin to his family from 1922 and 1923. I have traveled across Russia and have been in Eastern Europe almost every month since 1989. Yes, we who believe in free enterprise might be accused of exploitation. Of taking some of the surplus value of labor. But you, my God! You took the full value of labor. You've left your people devastated. Poor. You've spoiled the environment. And worse still, you've killed the spirit of your people. You've taken the life out of them. I've seen it. It's a tragedy."

These words were awkward in his presence. But they were said graciously and with deference and respect to his past position.

He put his hand on my sleeve. And then this retiring, elegant man of 72 years of age just smiled. A knowing smile that my words were correct and that he couldn't respond given his position.

"WE WERE TOUGHER THAN THE AMERICANS," CUONG SAID OF THE NORTH VIETNAMESE ARMY. "WE WERE USED TO DEATH. WE WERE USED TO THE JUNGLE. BUT IN THE END, WE RETURNED TO A COMMUNIST SOCIETY IN WHICH WE HAD NOTHING."

A second informative set of discussions came with Le Van Cuong, a 40-year-old common citizen of Hanoi who had served in the North Vietnamese army during the war. Cuong and I talked for hours over many dinners. He was a wonderful man whose past caught him up in an awkward history—a history in which over 2 million of his fellow countrymen were killed and in which America lost over 57,000 young patriots. "We were tougher than the Americans. We were used to the jungle. We were used to death. I slept under the trees for over three years, in a hammock each night. We couldn't go home. I saw bodies floating in the river and I would drink out of it. I caught malaria and had fevers for many months. But I could still go on… But in the end, we came back to the North and a communist society in which we had nothing. Absolutely nothing," he stated in a monologue.

"You know," I said in reply, "I often wonder about U.S. foreign policy over the years since World War II. Was it worth it? The policy of containment, of trying to stop communist expansion at each point around the globe. And Vietnam, what a tragedy for all of us. It cost so much. Lives. Money. Energy."

Cuong stopped me.

"Yes, it was worth it. It was worth it. We have a better life now, and it will get much better in the years ahead, and it's thanks to you. The Americans. You stopped communism."

I wasn't expecting this from a veteran from the North, but I knew he meant it. He felt it.

And I knew I had an answer to my question: It was worth it.

James D. Jameson operates a Southern California business that manufactures agricultural irrigation systems.

FURNISHING A HOME WITH OLD LIVES

by Mary Elizabeth Podles

Years ago a college friend went to visit an old boyfriend of mine and his new wife. She came back and reported that they had bought all new furniture upholstered in black leather, then looked at me curiously to gauge my reaction. It was relief. At one point I might have married the man myself. We fell out, though, on issues of basic outlook on life, of which his furniture-

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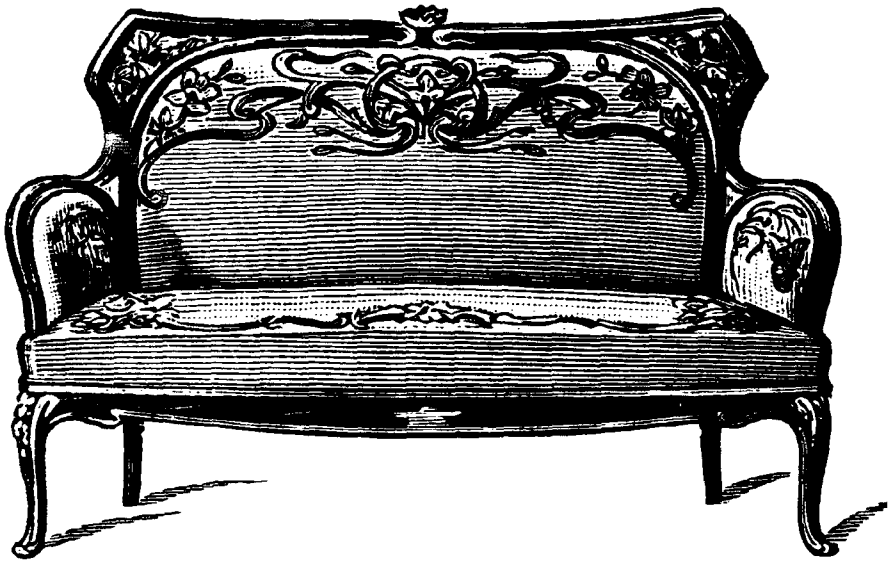
buying spree was a symptom. My idea of the acquisition of furniture is one of accretion, slow growth, and gradual buildup, like the deposit of sedimentary rock or the lengthening of stalactites.

But even the slow processes of geology have their earthquakes, upheavals, and fractures, and recently we have moved into a new house. The pressures of six children on the verge of adolescence were more than the tectonic plates of the old St. John's Road house could bear. Something had to give.

A new house is a wonderful thing. Nevertheless, it calls down upon us what as children we invoked as Piasecki's Rule: New gift, new problem. Moving the old furniture into the new, comparatively palatial house was like having the prescription for your eyeglasses changed. You saw things in sharp focus that you hadn't noticed before. The furniture which had served my husband and me well as graduate students and combined quite compatibly in a young married household might not be quite the thing for our respectable middle age.

But my prejudice against new furniture still stands. I still want furniture with a history; if not my own, then someone else's. And so we have discovered the world of the local auction houses. Apparently there exists a pool of couches, chairs, tables, paintings, prints, silver, bric-a-brac, and nameless objects that lives in northeast Baltimore and every so often changes hands, passing through the auction houses en route. It is a sort of subterranean river, and once you learn to tap into it, it makes available an amazing range of possessions for remarkably little.

Having worked at Sotheby's, I was amazed to find any paintings at all within my price range, which seldom rises into three-figure territory. No Rembrandts (though hope springs eternal), but quite a lot of unfashionable pictures altogether to my taste. For every one I find, though, I have to sift through 10,000 or so kittens and clownscapes. Religious subjects are remarkably rare; I suspect they are donated to rectories, like the lost Caravaggio that recently surfaced in Ireland. Drawings and etchings are practically given away, as no one seems to know or care much about them. (I once saw a pair of drawings by the sculptress Grace Turnbull jobbed in with a lot of flower prints



so hideous that the Good Taste Police should have declared them felonious.)

Some pictures seem to come around the cycle in a regular, if mysterious, way. One portrait of a lady, a drawing by a female student of Sargent, caught my eye but was bought by a determined bidder set on having her. Too bad for us. But some months later, at a cut-rate auction place, she came up again, and this time we did buy her for less than we had underbid before. What had gone wrong in the interval? Maybe she was not what or who the original buyer had thought.

Portraits usually sell at high prices (instant ancestors add a touch of the Old Money look to any living room). Things once owned by famous people do too; their provenance adds to an object's monetary and conversation value. A former governor's widow's estate came up for sale quite recently, to my great surprise. I had thought that particular governor was long dead by the time I was a child. He must, I assume, have married a much younger woman, who then lived to a ripe old age. In her honor, my husband, a native Marylander, bought the William Preston Lane Memorial Mustard Pot and Spoons.

> MY IDEA OF ACQUIRING FURNITURE IS ONE OF ACCRETION, LIKE THE DEPOSIT OF SEDIMENTARY ROCK OR THE LENGTHENING OF STALACTITES.

Sometimes the salesroom is tinged with a certain melancholy. I am always sad to see family portraits sold off, as if the family had died out or its ancestry been forgotten. Once I bought my husband a photograph of a Handsome Soldier, blond, bright-eyed, and eager in his World War I uniform; why was he being sold so heartlessly and so cheap? Who was he? Were there no grandchildren my age who would like to think of him in the flower of his youth? Or did he not come back from the mud of Flanders? Later on we found one of the memorial scrolls signed by the king that were sent to the survivors of every British soldier killed in the Great War—why had that passed out of family hands?

All of this has taught me a lot about detachment. Looking over the newly assembled household, I realize that all this will pass out of my hands too, and what strikes me as decorative, poignant, or genuinely charming may make all my children gag. All this is only temporary, transitory, and some day will go up for auction, if I am lucky, as "The Property of a Lady." It is only mine in trust.

Mary Elizabeth Podles is a Baltimore housewife and retired curator of Renaissance and Baroque art at the Walters Art Gallery in Baltimore, Maryland.

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From Weapons to Widgets

Can Our National Labs Go Private?

by Richard Miniter

If you want to revisit the Cold War, get on Interstate 25, a two-lane ribbon of concrete that begins in the high desert of New Mexico, cuts Colorado in two, and vanishes into the high plains of Wyoming. Along the way, America's atomic highway connects three top-flight, once top-secret, high-tech weapons labs: Los Alamos National Laboratory, Sandia National Laboratory, and the National Renewable Energy Lab. Once the first line of defense in a technological duel with the Soviet Union, the national laboratories scattered along I-25 and across the United States are now hunkered down to avoid the axes of budget cutters in Congress.

It is perhaps inadequately appreciated that the U.S. Department of Energy runs 8 major labs and 20 minor labs with a combined annual budget of $6 billion and some 50,000 employees. Over the past 20 years, more than $100 billion has been lavished on these facilities. The results have often been disappointing, and with the Cold War won, the labs are now searching for a new mission.

The Sandia lab in Albuquerque should be the Department of Energy's showcase for national labs taking on new missions. For more than 40 years, Sandia was managed on a non-profit basis by AT&T's Bell Laboratories, perhaps the private sector's best research and development firm. Bell Labs has a distinguished history of bringing innovations to the marketplace, and some of its corporate culture must have worn off on Sandia, which numbers among its accomplishments contribution toward the creation of the "clean room" technology used today in making computer chips, drugs, and other high-tech products. Sandia is widely believed to be the most "product oriented" of the national labs. If any of them could make it in the post-Cold War world, it would probably be Sandia.

Sandia and many of the other labs are currently waving a banner for "technology transfer"—a Washington term that is as broad as it is vague. To some, technology transfer means spinning off defense-originated gadgets to the private sector. To others, it means licensing government research breakthroughs to entrepreneurs, or serving as a research and development arm for American firms anxious to beat foreign competition. By any measure, technology transfer has so far been a failure, and there are good reasons to believe the labs will have even less success in the future.

Ever since NASA gave us Tang, government labs have been claiming that the commercial applications of their research would revolutionize America's technology base. Sandia was considered such a jewel by technology transfer enthusiasts that when AT&T decided to relinquish management of the facility, a small lobbying war erupted between competing private firms and research groups anxious to run the place for Uncle Sam. In the final negotiations, Martin Marietta, a defense contractor, eventually beat out the Battelle Institute, an independent research laboratory that helped develop the photocopying machine and inspired the formation of the Xerox Corporation. Martin Marietta promised an aggressive use of Sandia's research for commercial purposes.

Yet Sandia has stumbled on the path to the promised land. Everyone at Sandia remembers a technology transfer disaster called the GCA Corporation. GCA, which went out of business in May 1992, made water steppers, a device critical to the manufacture of computer chips. Most industrial policy gurus said water stepping technology was vital to America's competitiveness. It was a natural fit for Sandia because water steppers are related to the clean room technology that helped build Sandia's reputation. But despite the extensive work of Sandia's engineers, GCA couldn't induce a single major chip maker to help fund the development of their machine, which was seen as unstable and unreliable. When GCA couldn't raise even $25 million to continue their research from private sources—a paltry sum in the world of venture capital—the firm threw in the towel. GCA "was a technical success but a market failure," Sandia President Al Narath conceded to *The New York Times.*

The case for giving the national labs a new mission is spelled out in the Department of Energy's new report *Success Stories: The Energy Mission and the Marketplace.* The report cites a large number of examples, from energy efficient window coatings to oil recovery technology, but the value of these innovations is hard to estimate. In many cases, the report concedes, most of the credit for bringing a particular innovation to market goes to people outside the government. And in measuring the Energy Department's research and development costs against the total sales of a complete product that incorporates that technology as one of its features, the report often overestimates paybacks. Besides, even if the accounting were correct, it is hard to argue that the government should conduct science to enrich individual citizens or companies.

The Energy Department report concedes that "many of the bold experiments in energy demonstration projects of the late 1970s…are now seen in hindsight as having been too ambitious." The report lists a few: "synthetic fuels, the Clinch River Breeder Reactor, magnetohydrodynamics, and the Stirling Automobile Engine." What the report fails to mention is that at the time each of these projects

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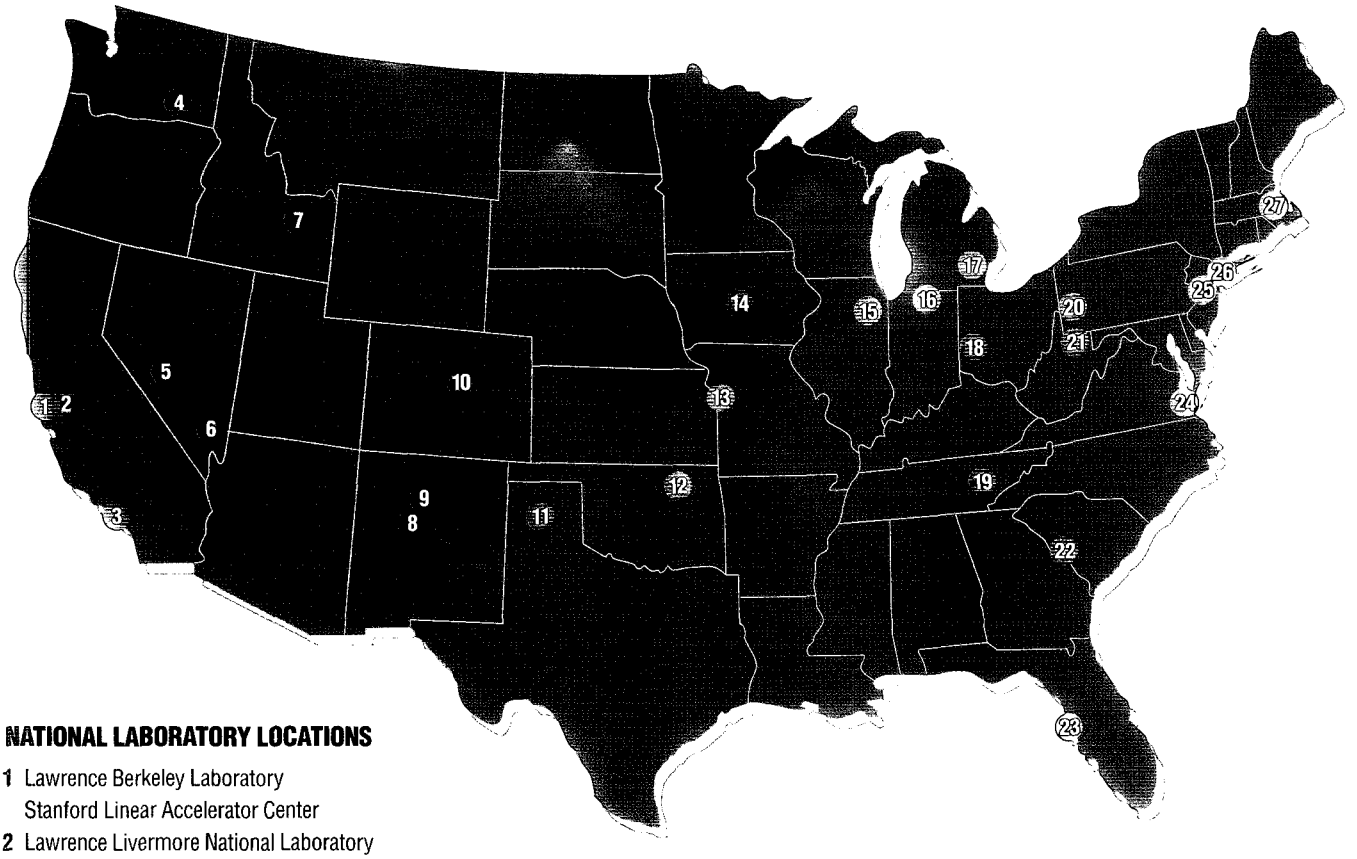

NATIONAL LABORATORY LOCATIONS

1 Lawrence Berkeley Laboratory
Stanford Linear Accelerator Center
2 Lawrence Livermore National Laboratory
Sandia National Laboratories
3 Energy Technology Engineering Center
4 Handford Site
Pacific Northwest Laboratory
5 Sandia National Laboratories
6 Nevada Test Site
7 Idaho National Engineering Laboratory
8 Inhalation Toxicology Research Institute
9 Los Alamos National Laboratory
10 National Renewable Energy Laboratory
Rocky Flats Environmental Technology Center
11 Pantex Plant
12 Bartlesville Project Office
National Institute for Petroleum and Energy Research
13 Kansas City Plant
14 Ames Laboratory
15 Argonne National Laboratory
Fermi National Accelerator Laboratory
16 Notre Dame Radiation Laboratory
17 MSU-DOE Plant Research Laboratory
18 Mound Facility
19 Oak Ridge Institute for Science and Education
Oak Ridge K-25 Site
Oak Ridge National Laboratory
20 Pittsburgh Energy Technology Center
21 Morgantown Energy Technology Center
22 Savannah River Ecology Laboratory
Savannah River Site
23 Pinellas Plant
24 Continuous Electron Beam Accelerator Facility
25 Princeton Plasma Physics Laboratory
26 Brookhaven National Laboratory
Environmental Measurements Laboratory
27 Bates Linear Accelerator Center

were shut down in the 1980s, each was hugely over budget, incomplete, and far from achieving the promised results. Trying to sell this decade's breakthroughs from the national labs might well produce *déjà vu* all over again.

Sandia's technology transfer program proclaims boosting America's industrial competitiveness in world markets as one of its main objectives. To this end, Sandia teamed up a few years ago with yet another government competitiveness project called Sematech, based in Austin, Texas. Sematech was formed to encourage American semiconductor makers to pool their research efforts. As its contribution, Sandia helped develop a water stepper system for SVG Lithography, a water stepper manufacturer. Tens of millions of taxpayer dollars later, SVG pulled out of Sematech and cut ties with Sandia—and signed an agreement to share its technology with Canon, a Japanese company widely hailed as the world leader in water stepper technology. Meanwhile, American chip makers rebounded without any significant help from Sandia or Sematech.

"Up until now the labs have not been very important to American competitiveness," says former National Science Foundation director Erich Bloch, no enemy of the labs. Will the labs boost American competitiveness in the future? "I'll withhold judgment," he says.

Why can't the national labs succeed in the marketplace? In a word: culture. "There is no issue that they have the technical talent, but do they have the culture? The bureaucratic culture at Sandia and all the labs survives by being very risk averse, and that impedes commercialization," says John T. Preston, MIT's director of technology development.

Inside Sandia, the stated view is essen-

Richard Miniter is executive producer of Lone Pine Media, an Alexandria, Virginia television production company.

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tially the same. "We are good at building complex weapons that are fail-safe, but not consumer products where cost is a consideration," says one manager at Sandia, speaking off the record. Ensuring that America maintains the technological edge needed to enforce its test ban and other nuclear treaties is something the lab can do very well, he states. More than that may be expecting too much.

Meanwhile, momentum is building in Congress to scrap the national labs as another vestige of the Cold War. Rep. John Kasich, chairman of the House Budget Committee, calls for killing the entire Department of Energy, including the labs. The Republican freshman class in the House has set up four task forces to recommend how to terminate the four cabinet level departments of Energy, Housing and Urban Development, Education, and Commerce. The task force covering the Energy Department recommended scrapping all the national labs save the three weapons facilities (Livermore, Los Alamos, Sandia), and even those labs would find their budgets and mandates significantly reduced.

Rep. Sam Brownback, a freshman Republican from Texas, is expected to introduce legislation to privatize the labs. The big questions on Capitol Hill are "how?" and "how soon?" No such government institution has ever been privatized before. Cato Institute's Jerry Taylor suggests either issuing stock or simply giving the labs to their current commercial operators. Selling or giving away the labs might be easier said than done, however. Washington assumes the labs are assets, which some may be, but most are simply very large liabilities. A former Westinghouse executive recalls that the federal government offered to sell Oak Ridge National Laboratory to the company in the late 1960s. Westinghouse was interested—until it examined the books. The potential liability was unlimited and uninsurable, says the executive, and the capital costs were gigantic. And, unlike most of the labs, Oak Ridge made a commercially valuable product: enriched uranium.

The Galvin Commission, led by Motorola chairman Robert Galvin, calls for "corporatizing" the national labs. The labs would be funded for another five years at the current level of $6 billion per year, and run by a board of scientists, engineers, and corporate executives. This might work. Costs could be cut by more than half, the commission found, if excessive oversight and bureaucracy were pared back. But Energy Secretary Hazel O'Leary received the report coolly, responding, "your vision is tough to implement" (though she accepted many of its minor recommendations). In any case, corporatization is a dead letter in Congress, because lawmakers don't like the idea of spending billions of dollars year after year without being able to monitor how the money is spent.

EVER SINCE NASA GAVE US TANG, GOVERNMENT LABS HAVE CLAIMED THAT COMMERCIAL APPLICATIONS OF THEIR RESEARCH WOULD REVOLUTIONIZE AMERICA'S TECHNOLOGY BASE. YET FEW OF OUR NATIONAL LABS ARE LIKELY TO HAVE REAL VALUE AS PRIVATE-SECTOR ENTITIES.

Competitive Enterprise Institute president Fred Smith has proposed yet another way to privatize the labs: a reverse "Dutch auction." A Dutch auction is a forum in which the seller progressively lowers his price until he finds a buyer. In a reverse Dutch auction the "seller" would pay the "buyer" to accept the property. This may prove to be an expensive exercise—and there is no reason to think Uncle Sam would find any takers.

Why not? Partly because any new owners of a national lab could inherit responsibility for environmental clean-up in the case of an accident. They would have to cover large capital maintenance costs. They would be expected to pick up the lavish pay, perks, and pensions of a former federal workforce.

Still, there is a successful privatization model the national labs could follow: that of the United States Enrichment Corporation. Under 1992 legislation, this agency—which enriches 40 percent of the world's uranium—was spun off from the Energy Department into an independent government corporation, whose sole stockholder is the U.S. Department of the Treasury. Over the last two years, the corporation restructured itself in preparation for becoming fully independent of federal control. It renegotiated its contracts with subcontractors (such as Martin Marietta) so that they were no longer cost-plus arrangements, but performance oriented. The corporation will be wholly private in about a year. Significantly, the law that will privatize U.S. Enrichment also left the Energy Department with the vast majority of legal liability. The government remains responsible for all radioactive materials and waste created prior to the July 1, 1993 formation date of the corporation, and is also responsible for the decommissioning and decontaminating of the two DOE-owned production facilities at the end of their operating lives.

Few of our national labs are likely to have real value as private-sector entities. Most have been centers for nuclear defense work, and are simply not transferrable to other tasks. If budget cutters are serious about reducing the $6 billion annual outflow (with comparatively little to show for it any more), they may just have to close all but the three weapons labs—which are a special case and belong under civilian control in the Defense Department—and write off the loss. Or the labs could be privatized following the U.S. Enrichment model, which leaves most of the substantial liabilities on the government side of the ledger. Politically, it may be easier to close the labs quickly rather than squabbling over how to privatize them, an effort that could easily disappoint or backfire, even after great effort.

It may be time for tens of thousands of federal employees in lab coats to start looking for new and more effective places to contribute to their country.

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CAMPAIGNS &ELECTIONS

THE MAGAZINE FOR POLITICAL PROFESSIONALS

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BUSINESS

THERE ARE MORE THAN 125 PROGRAMS IN THE FEDERAL BUDGET THAT SUBSIDIZE PRIVATE BUSINESSES IN ONE WAY OR ANOTHER, WITH TOTAL COSTS IN THE TENS OF BILLIONS OF DOLLARS. THE EXAMPLES ON THESE TWO PAGES ARE DERIVED MOSTLY FROM A BUDGET ANALYSIS DONE BY STEPHEN MOORE AND DEAN STANSEL OF THE CATO INSTITUTE.

1995 SPENDING (MILLION $)	PROGRAM	SOME BENEFICIARIES
INDEPENDENT AGENCIES		
1,531	Small Business Administration	Subsidizes loans to restaurants, builders, other profit-making businesses. Loan guarantees have increased nearly 50 percent since 1993.
613	Export-Import Bank	Subsidizes international sales and purchases of corporations like Boeing, Westinghouse, GE, etc. Proposed funding for coming year: $700 m.
211	Pennsylvania Avenue Development Corporation	Over the last two decades has underwritten private redevelopment of a dozen-block stretch of Pennsylvania Avenue in Washington, DC.
1214	Tennessee Valley Authority	Subsidized power for businesses and homes, plus river navigation services.
400	NASA Wind Tunnel	To be built at public expense to test new designs for commercial aircraft sold by private companies
MULTI-AGENCY		
246	Partnership for a New Generation of Vehicles	Gives GM, Ford, and Chrysler (combined 1994 profits: $14 billion) money to develop new cars. Clinton has requested increase to $333 m. next year.
4,111	CRADA and Tech Transfer Agreements	Assistance for private research and development.
1,080	High Performance Computing	Buys and networks computers for half a dozen universities around the country.
33	Overseas Private Invest. Corp.	Provides loans and insures private investors against foreign investment risks.
1,734	Civilian Technology Investment	Helps defense contractors try to make commercial products.
DEPARTMENT OF AGRICULTURE		
564	Agricultural Marketing Service	Promotes agri-business sales.
1,167	Farm Service Agency	Administers farm subsidy programs. Most of funding goes for administrative salaries.
709	Federal Crop Insurance Corporation	Subsidizes farmers' disaster insurance.
9,813	Commodity Credit Corporation	Makes direct payments to producers of feed grains, wheat, rice, cotton, and honey. Administers wool program.
497	CCC Export Guarantee Program	Provides loan subsidies for agricultural sales.
1,074	Nat. Resources Conserv. Serv.	Offers farmers free consulting on soil conservation.
128	Rural Electrification Administration	Subsidizes profitable electric utilities and consumer electric bills.
100	Rural Business Service	Loans, grants, and assistance for agri-businesses.
219	Market Promotion Program and Foreign Agricultural Service	Overseas marketing for U.S. businesses. Some recent expenditures: $3 m. advertising Pillsbury muffins and pies, $10 m. for Sunkist oranges, $.5 m. for McDonald's Chicken McNuggets, $1 m. for American Legend mink coats, $2.5 m. for Dole pineapples, nuts, and prunes, $5 m. hawking Gallo wines.
390	Export Enhancement Programs	Provides cash bonuses to agricultural exporters.
1,068	Foreign Assistance Programs	Subsidizes foreign giveaways of U.S. farm output.
150	Forest Service road construction	Subsidizes timber removal by private companies. 17,000 miles built/year.

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WELFARE

1995 Spending (million $)	Program	Some Beneficiaries
DEPARTMENT OF COMMERCE		
240	International Trade Administration	Promotes exports of products from six industries to 10 specific countries.
45	Minority Business Dev. Agency	Subsidizes minority business people.
20	U.S. Travel and Tourism Admin.	Does foreign promotion for U.S. travel industry.
54	National Oceanic and Atmospheric Administration —various fisheries programs	Subsidizes boat building, product promotion, damage repair, and other services to fishing industry.
120	Economic Development Admin.	Provides "economic conversion" aid for defense industry.
431	Advanced Technology Program	Direct subsidies for research by high-tech firms like General Electric, Xerox, IBM, Kodak, DuPont, and Caterpillar. Begun by Clinton administration, which has requested increase to $490 m. in this year's budget.
91	Manufacturing Extension	Services to U.S. manufacturing companies. Begun by Clinton administration.
259	NIST In-house R&D	Pays for standards, data verifications, other services to industry.
DEPARTMENT OF DEFENSE		
443	Technology Reinvestment Project	Subsidizes development of computer displays, air frames, etc. Some 1994 awards: $13 m. to Texas Instruments, $6 m. to 3M company, $7 m. to Rockwell, $6m. to Chrysler. Begun by Clinton admin., which announces awards through the White House. $500 m. requested for this year.
1,280	Community Adjustment Programs	Support for companies and places experiencing defense cutbacks.
1,504	Dual-use technology initiatives	More high-tech subsidies.
90	Sematech	Underwrites private companies that produce semiconductor fabricating equipment.
436	Cargo preference program	Underwrites U.S. shipping industry.
2,873	Army Corps of Engineers, civil	Constructs and maintains waterways, harbors, locks, etc.
DEPARTMENT OF ENERGY		
133	Worker and Community Transition	Pays bounties to those affected by nuclear defense reductions.
5,057	Various R&D activities	Pays for energy research at national labs and elsewhere.
288	Clean Coal Technology	Funds pollution-control projects at private coal-burning utilities.
390	Power Marketing Administrations	Subsidizes profitable electric utilities and consumer electric bills in 33 states. Charges buyers as much as 50 percent less than national rates.
DEPARTMENT OF TRANSPORTATION		
211	Highway "demonstration projects"	Congressionally earmarked giveaways to specific communities and businesses.
367	Federal Railroad Administration	Supports private railroads (other than Amtrak).
3,801	Federal Transit Administration	Subsidies to bus and rail authorities and companies.
8,677	Federal Aviation Administration	Provides subsidized air traffic services to airlines and private plane owners.
475	Selected maritime programs	Aid to U.S. shipping industry.

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the Industrial Policy Economist

The MITI Myth

Central Planning Fails in Japan

by Richard Beason and David Weinstein

With the arrival of the Clinton administration, proposals for "industrial policies" once again entered top policy-making circles in the U.S. government, with at least two cabinet-level posts—those of labor secretary and chairman of the National Economic Council—currently being filled by long-time advocates. Internationally as well, a recent World Bank report entitled *The East Asian Miracle: Economic Growth and Public Policy* endorsed selective uses of industrial policy. The fever has swept the Pentagon, where one of the top priorities has become that of identifying and supporting critical firms deemed to have high growth potential.

Much of the drive for these new efforts comes from a popular perception that the application of government industrial policies by the Japanese over the past four decades has produced great economic successes. But after careful study of government policies and business outcomes in Japan during the period 1955–1990, we conclude that this popular perception of success is wrong. Yes, some high-growth industries were targeted by Japanese industrial policy, and, yes, many Japanese bureaucrats and politicians have taken credit for the rapid economic growth in post-war Japan. Our research does not find, however, that Japan's successes were the result of government policies. Our main conclusion, in fact, is that Japanese industrial policy actually seems to have transferred resources out of high growth sectors and into low growth ones instead.

The familiar argument that government targeting measures have driven Japanese development is put forward most concisely by Laura Tyson, former chair of President Clinton's Council of Economic Advisors and now head of his National Economic Council (itself a new creation inspired by industrial policy nostrums). Tyson argues that "protectionist measures, along with other critical elements of Japan's development strategy, such as low-cost capital, research and development and other subsidies, and preferential tax policies, have been used to promote the domestic development of industries targeted by the Japanese as critical to long-run growth and technological change." Tyson's advocacy of managed or "results oriented" trade in this country, in fact, stems largely from her belief that Japan's mightiest industries would not have succeeded without government assistance and direction. Learning from the Japanese, we cannot rely on markets to achieve "fair" outcomes—we need to regulate trade through the use of "numerical targets" (quotas) determined by governments and lobbyists.

Generations of American scholars went to Japan, read government white papers, talked to bureaucrats and managers in targeted industries, and came home with stories of how well industrial policy worked. They were wrong.

But is it really true that Japan provided its fastest growing sectors with critical support? On the face of it, Japanese performance in high technology fields has been astounding. But then what would one expect from a country that graduates more engineers than the United States despite having half the population?

Still, the fact that Japan may be reaping the benefits of fiscal responsibility, high savings, and a solid educational system does not preclude the possibility that Japanese industry was substantially helped by the government. Indeed, considering the stories of assistance to steel, autos, semiconductors, and computers that advocates of industrial policy continually regale us with, one might be tempted to believe that if it weren't for Japan's Ministry of International Trade and Industry (MITI), the Japanese would just be making textiles and rubber-soled shoes.

The industrial policy stories, however, are fundamentally unconvincing for most economists for several reasons. First, the fact that government helped an industry and it grew does not imply that government assistance caused the growth. Proponents of Japanese industrial policy don't often talk about Japanese aircraft projects, biotechnology projects, or the fifth-generation computer project—because these and many other industrial policy favorites like them yielded few positive results. Second, many of MITI's projects were in place for years or decades before the successful industry actually took off. The waste associated with having a policy in place ineffectually for a long period until an industry is ready to grow is never considered by advocates of government supports.

Most fundamentally, economists are mostly unmoved by industrial policy claims because, as George Stigler has quipped, "the

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plural of anecdote isn't data." Very little can be learned from putting together a list of a few success stories, because they fail to give us a frame of reference. A fundamental tenet within economics is that targeting can only be understood in terms of relative, not absolute, levels of support given to a particular industry. For example, if you learn that automobiles received a 10 percent tax break, you might think that they were a targeted sector. However, if this tax break were part of a comprehensive tax policy that reduced taxes even more in other sectors, then automobiles were actually being discriminated against rather than supported. These kinds of problems abound when the only information being analyzed is case studies of particular sectors.

In an attempt to get a more complete and accurate picture of the full scope of economic intervention in Japan, we have conducted research over the last several years on how Japanese companies were affected by four distinct kinds of government industrial policy assistance:

- trade protection (tariffs and quotas)
- subsidies (transfers minus taxes)
- special corporate tax breaks, and
- government loans.

We remain agnostic on the fundamental question of whether Japan actually even pursued a well-defined industrial policy from 1955 to 1990, or what the actual goals of such a policy might have been. We simply examine where government interventions occurred, and what their results were.

Our basic findings are summarized in the accompanying table. What they show, essentially, is that there is nothing to show: there was no systematic application of industrial policy tools in support of high growth industries in Japan. The industries most favored by government interventions, on the contrary, tend to be the slowest growers during the post-war period. Furthermore, the application of industrial tools was highly unsystematic, with some sectors benefiting from one measure and simultaneously suffering from some other contradictory one. One may argue that this isn't necessarily evidence of failure, that the actual goal of the government may have been to ease the pain for declining industries. We do not deny this as a possibility. But if that is true, that makes Japanese industrial policy very like its French and American counterparts over the past four decades—politically driven, favor-based, non-helpful to the nation's overall economic functioning.

RATES OF GROWTH OF VARIOUS JAPANESE INDUSTRIES, 1955–1990 BY RELATIVE LEVELS OF GOVERNMENT ASSISTANCE

Annual Growth Rate	Industry	(1=Most Supported, 13=Least Supported) Subsidies	Tariffs	Tax Breaks	Loans
2.7%	Textiles	3	2	2	11
3.8	Mining	1	13	1	1
6.3	Processed Food	12	1	12	9
7.2	Basic Metals	2	3	6	4
7.6	Chemicals	7	5	3	3
7.7	Pulp & Paper	5	10	13	6
8.7	Cer./Stone/Glass	8	9	3	5
9.3	Precision Instr.	10	6	8	13
9.8	Petrol. & Coal	13	7	3	2
10.1	Fab. Metal	6	12	7	10
10.8	Trans. Equipment	11	4	8	7
11.4	General Machinery	4	11	8	12
12.2	Electrical Machinery	9	8	8	8

Though most Japanese government support ended up in the pockets of slow-growing firms, it may still be that they consequently grew less slowly than they would have in the absence of support. It stands to reason that heavily subsidized sectors are likelier to expand, and that government assistance is likely to make recipient firms more profitable. Higher profitability, in turn, is likely to cause existing firms to expand operations, or to draw new firms into the sector. One should expect that government largesse would cause at least some expansion of output, and for workers employed in a recipient sector or firm, the assistance is likely to seem a good thing.

Of course there are counterbalancing economic losses associated with helping favorites in this way. In simplest form, resources are drawn out of sectors where they would otherwise flow in the absence of state intervention. Capital, labor, and scarce managerial talent remain in less productive industries rather than moving into more productive ones.

But of course the losses usually accrue in sectors other than the targeted one (although the monumental inefficiencies in Japan's highly government-protected distribution system are a testament to the potential for paradoxical self-injury here). And it can be difficult to excavate and measure the indirect and side-effect costs associated with a government intervention. The hidden cost in lost production that results from the misallocation of land in Tokyo—where 7 percent of the urban land area is still farmed—is certainly far larger than any countervailing benefits of the government policies, and more serious than the obvious inefficiencies associated with farming tiny plots in inconvenient locations. The real penalty is that land allocated to farming cannot be used by other industries. But this cost is less visible, and composed mostly of foregone opportunities that would have to be imagined, so it often gets overlooked by boosters for government protections.

There is strong evidence that these types of allocative inefficiencies are quite important in judging the net effect of Japanese industrial policy. Our published research finds that Japanese industrial policy definitely caused subsidized sectors to get bigger, and less subsidized sectors to shrink. Combined with our finding that the lion's share of government assistance went to declining or slow-growing industries, this suggests that the industrial policies that puffed up the output of sectors like mining and textiles beyond what market forces would have produced also probably caused the

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Japan, Computers, and Industrial Policy

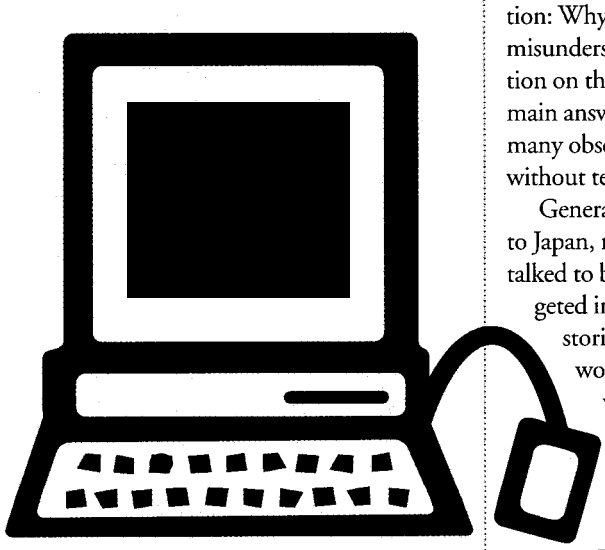
In 1992 and 1993, an extended debate over the Japanese economy raged in the pages of publications like *Policy Review*, the *Wall Street Journal*, *The Atlantic Monthly*, and *The American Prospect* between your editor and a group of prominent advocates of industrial policy. It all began when 33 industrial policy proponents including eminences like James Fallows, Clyde Prestowitz, Chalmers Johnson, Ezra Vogel, John Zysman, John Judis, Pat Choate, and Robert Kuttner attacked an article I had written arguing that the Japanese economy was vulnerable in many critical areas, and that industrial planning by MITI and other government agencies was largely to blame.

Among a great raft of earnest claims made by the Gang of 33 concerning the alleged power and success of Japanese government planners was their interesting suggestion that "Japan's output of computers and computer-related products will pass that of the United States later this decade."

Well, we're now more than halfway through the 1990s, and the trends in global computer manufacturing are quite clear: The Japanese (and nearly all other non-U.S. competitors) have been wiped off the desktop in the United States and other markets. It's not a Fujitsu or an NEC or a Hitachi that you stare at every day at the office, but a Compaq or IBM or Apple—all American designed and manufactured. Japanese companies have also been crushed in software. They have even taken a beating in peripherals like cheap printers and disk drives where many once assumed they would dominate as they do with cheap VCRs. Globally, the standard-setting and market-leading companies in nearly all computer-related markets are now overwhelmingly American.

Ah, but the closed Japanese home market. In an industry this critical, U.S. manufacturers will always be shut out there, right? Wrong.

Japan has long relied on Japanese-built computers that use special proprietary standards not recognized outside of Japan. But last year U.S. companies like IBM, Compaq, and Apple invaded Japan aggressively in a price and marketing war. Recently, 1994 sales figures for Japan's computer market were released to the public. And they show that in the single year 1994, U.S.-standard personal computers nearly doubled their market share in Japan, to more than 30 percent. Apple and IBM are now Japan's #2 and #3 PC sellers.



Against the Gang of 33's silly contention that computer manufacturing may be slated for Japanese dominance by the turn of the century, here's my own counter-prediction: Japanese-standard computers will comprise a minority of sales even in Japan by the end of 1996—and U.S. firms will be the unquestioned technological pioneers and commercial leaders in this crucial industry for the foreseeable future.

Neither MITI nor any other Japanese agency or planner can change this trend. Indeed, I can conceive of only one long-shot possibility that could derail American global ascendancy in the critical computer industry over the next decade: establishment of a government industrial policy directorate in the United States. Now that would be helpful to Japanese companies.

—*KZ*

output of sectors like electrical and mechanical machinery to be smaller today than would have otherwise been the case. This exposes the fundamental problem with arguing that Japanese industrial policy was useful even if it were just cushioning the decline of venerable older industries—the truth is, government assistance propped up the losing sectors at the expense of some winners elsewhere. We also find that the increased output that resulted from Japanese industrial policy came not out of improved productivity, but merely out of increased inputs being shoveled in the other end, with no increase in industrial efficiency.

Our evidence raises an important question: Why have so many people completely misunderstood the basic effects of state action on the private sector in Japan? The main answer, we believe, is simply that too many observers believed what they were told without testing it against empirical data.

Generations of American scholars went to Japan, read government white papers, talked to bureaucrats and managers in targeted industries, and came home with stories of how well industrial policy worked. Western researchers who wouldn't dream of taking the *Economic Report of the President* as an unbiased account of how administration policy affected the U.S. economy regularly swallowed Japanese government "war stories" whole. Should anyone be surprised that they badly misevaluated Japanese industrial policy as a consequence?

For the record, no Japanese government "vision" ever named textiles, mining, or agriculture as strategic sectors behind which the nation's public resources should be mobilized. But if you follow the money, that's exactly where the lion's share went. The large bulk of the sectors targeted by Japanese industrial policies were politically important but declining industries, not high growth areas at all. The result: Japanese industrial policy does not, to put it mildly, seem to have been an important factor in enhancing Japanese competitiveness.

Richard Beason is senior economist at James Capel in Tokyo. David Weinstein is a professor of economics at Harvard University.

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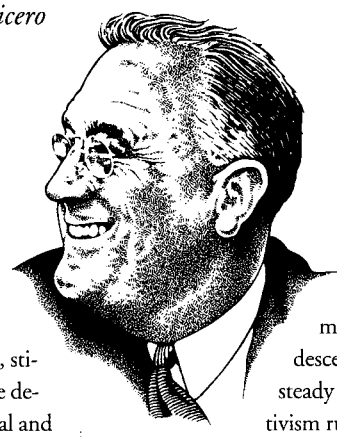
Flashback

TO KNOW NOTHING OF WHAT HAPPENED BEFORE YOU WERE BORN IS TO REMAIN EVER A CHILD—*Cicero*



Happy Birthday FDR!

The yearlong commemoration of the fiftieth anniversary of the death of President Franklin Delano Roosevelt has occasioned many dewy-eyed tributes and voice-cracking lectures about FDR's greatness. Lost in the gush is the sterling fact that millions of Americans loathed FDR, despised the New Deal, and warned us, their deaf posterity, just what Rooseveltian Reconstruction was all about. The court historians would have us believe that these spoilsports were limited to a smattering of "economic royalists"—plutocrats overfed on caviar, drunk on champagne, rude to the bellboy, and unwilling to kick in a few pennies for the common good. They wish.

Driven mad by the monotonous hum of FDR hagiography, we hereby present FDR and the New Deal as seen by their contemporary critics—the men and women so conspicuously uninvited to the golden anniversary:

"There is, in fact, only one intelligible idea in the whole More Abundant Life rumble-bumble, and that is the idea that whatever A earns really belongs to B. A is any honest and industrious man or woman; B is any drone or jackass."

—*H. L. Mencken 1936*

"My poor cousin, he suffered from polio so he was put into a brace; and now he wants to put the entire U.S. into a brace, as if it were a crippled country—that is all the New Deal is about, you know."

—*Alice Roosevelt Longworth 1930s*

"We cannot extend the mastery of government over the daily life of a people without somewhere making it master of people's souls and thoughts. That is going on today. It is part of all regimentation.

Even if the government conduct of business could give us the maximum of efficiency instead of least efficiency, it would be purchased at the cost of freedom. It would increase rather than decrease abuse and corruption, stifle initiative and invention, undermine the development of leadership, cripple the mental and spiritual energies of our people, extinguish equality of opportunity, and dry up the spirit of liberty and the forces which make progress."

—*Herbert Hoover 1934*

"The young Brain Trusters caught the Socialists in swimming and they ran away with their clothes…It's all right if they want to disguise themselves as Norman Thomas, or Karl Marx, or Lenin, or any of the rest of that bunch. But what I won't stand for is allowing them to march under the banner of Jefferson, Jackson, or Cleveland."

—*Al Smith 1936*

"History shows that once power is granted it is impossible for the people to get it back. In Greece republics gave way to tyrannies. The Roman Republic became an Empire. Medieval republics became monarchies. If we extend Federal power indefinitely, if we concentrate power over the courts and congress in the executive, it will not be long before we have an American Fascism."

—*Robert A. Taft 1936*

"While at the same time proclaiming his devotion to democracy, [FDR] adopted a plan [the National Recovery Act] borrowed from the corporative state of Italy and sold it to all the liberals as a great liberal revolutionary triumph. And, curiously, every American liberal who had fought monopoly, who had demanded the enforcement of the anti-trust laws, who had denied the right of organized business groups, combinations and trade associations to rule our economic life, was branded as a tory and a reactionary if he continued to believe these things."

—*John T. Flynn 1940*

"What we and our more nearly immediate descendants shall see is a steady progress in collectivism running off into a military despotism of a severe type. Closer centralization; a steadily growing bureaucracy; State power and faith in State power increasing, social power and faith in social power diminishing."

—*Albert Jay Nock 1935*

"Managed economy will prove undesirable. It should be abandoned. It requires a degree of discipline and control which must turn it to fascism. It is restrictive and sterile. It devitalizes production and reduces the incentive for creating wealth…Managed economy, because it is economically impotent and conducive to underproduction, tyranny, and unhappiness, leads to militarism and war."

—*Amos Pinchot 1937*

And lest anyone think that modern historians are unanimous in proclaiming Roosevelt savior of the republic, here are the verdicts of two of our most eminent (and, alas, deceased) contemporary historians—from left and right, respectively:

"He saved America from what he considered the threat of domestic revolution and external fascism at the price of internal statism and the Cold War."

—*William Appleman Williams*

"Franklin Roosevelt was the premier figure in converting America from roughly a land of individualism to a country dominated by a Big Government wielding imperial power at home and abroad."

—*Murray N. Rothbard*

Hail to the Chief!

—Bill Kauffman

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BookTalk

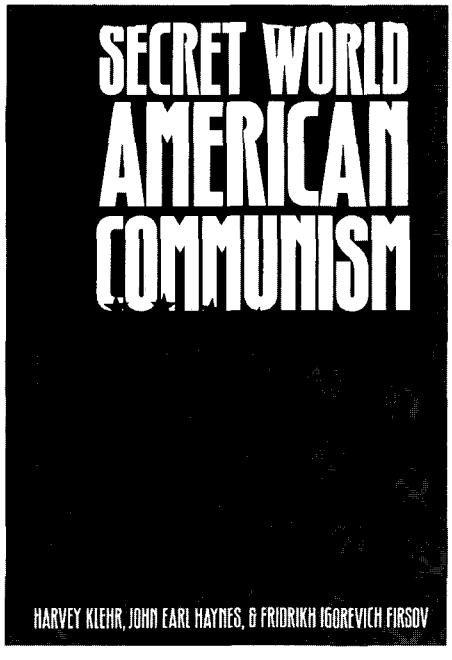
RED, NOT WHITE AND BLUE

by Richard Grenier

The Secret World of American Communism
By Harvey Klehr, John Earl Haynes, & Fridrikh Igorevich Firsov
(Yale University Press: New Haven)
348 pages, $25

"Memorandum to Comrade Dimitroff," begins a January 1938 classified letter from Earl Browder, head of the American Communist Party, to Georgi Dimitrov, head of the Communist International in Moscow. At the time the document was written, Browder's younger sister Marguerite was an operative in various European countries for the NKVD, ancestor of the KGB. In the body of his memo Browder expressed concern over the effect it would have on the American public if his sister's secret work for Soviet intelligence were to be be exposed. "In view of my increasing involvement in national political affairs and growing connections in Washington political circles," he writes, "it might become dangerous to this political work if hostile circles in America should obtain knowledge of my sister's work." He "fraternally" requested that she be released from her European duties and returned to America to serve "in other fields of activity." Browder's request was followed in short order by a classified letter from Dimitrov to "Comrade Yezhov," then head of the NKVD (shortly to be executed in one of Stalin's purges) requesting Marguerite's transfer.

These two letters, drawn from the recently opened records of the celebrated Comintern headquarters in Moscow, are documents 64 and 65 in *The Secret World of American Communism.* American scholars Harvey Klehr and John Earl Haynes and Russian scholar Fridrikh Firsov have produced the volume, along with a Russian editorial advisory committee running from A. N. Sakharov to former KGB general D. A. Volkogonov. The letters from Brow-



der and Dimitrov are merely two pieces of a huge mountain of material that has suddenly become available to researchers, although there are signs that these archives are gradually being closed again on orders of the Yeltsin government. KGB files were never opened, mind you, and may never be opened. And even the Comintern files, before being made public, were picked over by intelligence officers to remove material still considered "sensitive." But even the material that has so far come to light is overwhelming.

It is now literally impossible for any sane person to maintain—as so many persons of kindly disposition did during the "Red Scare" years following World War II—that the American Communist Party (CPUSA) was just another political movement whose only sin was to dissent from prevailing norms and whose supporters were loyal Americans, untainted by allegiance to any foreign power. This attitude prevailed for decades in U.S. public discourse, and continues to hold the field among many U.S. academics even today. But tons of evidence have at last poured forth from Moscow proving beyond doubt that at its upper levels the American Communist Party never had the slightest shred of independence. It was from beginning to end nothing but an instrument of Moscow policy and, write the authors, a "Soviet weapon in the Cold War." Furthermore, the CPUSA had a permanent relationship with the Soviet intelligence services, recruiting spies and serving as base, cover, conduit, courier, and paymaster for Soviet operations in this country. Documents now prove, the authors of *Secret World* summarize, that "the Communist Party of the United States of America was a conspiracy financed by a hostile foreign power that recruited members for clandestine work, developed an elaborate underground apparatus, and used that apparatus to collaborate with espionage services of that power."

American Communists were heavily bankrolled by Moscow, and the newly disclosed documents even give some of the sums disbursed. John Reed, author of *Ten Days That Shook the World* and called "the playboy of the Revolution," received over a million rubles for his playfulness. Armand Hammer, later of Occidental Petroleum and a very successful American financier and friend of presidents, was first set up in the banking business by Moscow to launder Soviet monies destined for Americans. The list goes on and on. Records now show that Agnes Smedley, to whom the U.S. Army had to apologize when she threatened a libel suit after General Douglas MacArthur's intelligence

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chief accused her of being a Soviet agent, was exactly that. Morris Cohen, who recruited physicists to penetrate the Manhattan Project and fled the country when the Rosenbergs were arrested, appears in the Comintern files as well. Much of what Whittaker Chambers testified and wrote has now been specifically corroborated, say the authors, "greatly strengthening his credibility as a witness."

The strange part, and the part which remains to be explained, is why the left-liberal American educated class was so resistant—and indeed remains so resistant—to the idea, obvious to anyone who had contact with Communists in Europe or other parts of the world, that the Communist Party was not just another political party. France's General deGaulle, for instance, proclaimed in one of his lapidary declarations: "The Communists aren't to the Left, nor to the Right; they're to the East." By this he meant that Communists weren't a French political party at all, as their allegiance was to a foreign power.

In 1968, having just been released from arrest by the invading Red Army in Czechoslovakia, and passing from Prague through Paris, I noticed that Joan Baez was scheduled to sing at La Fête de l'Humanité—with *Humanité* being a Communist daily newspaper and the fête in question being its annual jamboree. In France, no one but an orthodox communist of purest hue would come anywhere near such an affair. Exactly how organizers identified the newspaper's politics to Miss Baez to secure her cooperation I have no idea, but, communist publication or not, she undoubtedly thought of it as belonging to the same good-hearted Left she identified with. Upon the events in Prague, Baez abruptly called a news conference. Why, these people had just launched an enormous armed invasion of Czechoslovakia! How could good people do such a thing? She wouldn't sing for them! No, she would not!

Decades come and go. But many Americans still have warm, fuzzy feelings about an undifferentiated Left whose heart is at least always in the right place. Pious American left-liberals are naturally reluctant to admit they were wrong on the big question of American communism's true nature. But a Left that refuses to study and learn from its dangerous miscalculations will miscalculate again.

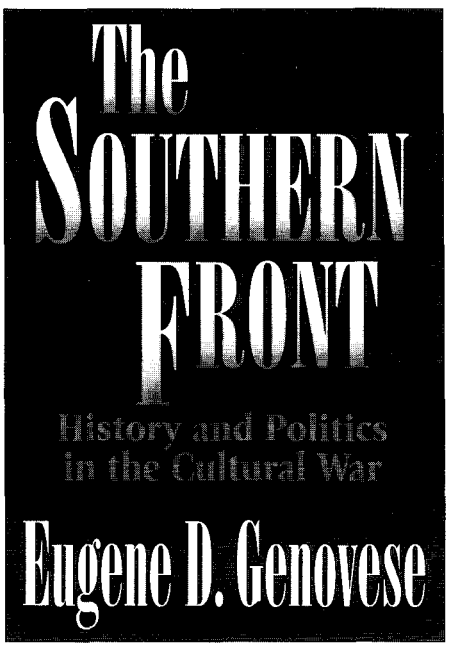
Richard Grenier is a columnist with the Washington Times. *His latest book is* Capturing the Culture.

THE RIGHT'S FAVORITE MARXIST

By Katherine Dalton

The Southern Front: History and Politics in the Cultural War
By Eugene D. Genovese
(University of Missouri Press: Columbia, Missouri) 320 pages, $30

It's a pleasure to read Eugene Genovese, for the clarity of his mind as well as his English. Of how many academics can you say the same?



His latest book is a collection of essays and reviews from the 1980s and 90s—and don't stop reading here on the assumption his is another bundle of ephemera. Anyone interested in Southern history, black history, Marxism, and the paleoconservatives will enjoy *The Southern Front.*

Real life is full of odd alliances. This atheist, ex-Communist, Italian-American black studies professor from Brooklyn has earned the respect of many conservatives—and what is more surprising, their friendship. Genovese is the Old Right's favorite Marxist, for many reasons. For one, he is an excellent scholar. As a historian interested in class, power, and culture who has concentrated much of his work on American blacks, he has written several excellent books, including *Roll, Jordan, Roll: The World the Slaves Made.* But I think the main reason he is so well regarded by his admirers on both the right and the left is simply that he's not a liar. In the two spheres he lives in, public affairs and academic history, truthfulness is rare.

Over the years, Eugene Genovese has apparently concluded that he has more in common with honest conservatives than with some of his colleagues on the Left. Oddly enough, he has come to an alliance of sorts with the Old Right via slavery. His research on black slaves made research on their masters necessary, and in these men and their apologists, Genovese found much to admire and to agree with. In his essay "The Slaveholders' Contribution to the American Constitution," Genovese argues that those leftists who criticize states' rights because the issue has been used to justify slavery and segregation, must

> pretend not to notice that [states' rights have] been inextricably bound up with opposition to finance capitalism and the voracious appetite of big business. From John Taylor of Caroline to John C. Calhoun, and, in our own century, from Allen Tate and the Southern Agrarians to Richard Weaver and the late M. E. Bradford, southern conservatives have proclaimed their hostility to both capitalism and socialism and especially to the concentration of economic and political power inherent in each.

As this passage shows, he has extended his regard for Southern planters to their political descendants in this century, who have the same interest in local autonomy, and strict construction of both the Constitution and the Bible. In the paleoconservatives Genovese has found a Christianity he can respect if not believe in, a reading of constitutional history that makes more sense to him than the Supreme Court's

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ever-expanding federal penumbra, and a criticism of big business that he, as a good Marxist, finds appealing.

And so he sits down to lunch with historian Clyde Wilson, and mourns the early death of Mel Bradford, without giving up any of his admiration for the unique, black American culture the slaves created, or any of his hatred for what he would call, if he were a Christian, the sin of slavery.

Genovese's two-part essay on the first two volumes of Martin Luther King, Jr.'s papers is one of the most interesting in the book. Genovese dismisses the arguments of those who would excuse King's plagiarism by stating simply that a scholar with the training King had should have been well aware of what was and was not honest. Period. Genovese is not one to hold blacks to a lower standard of conduct or achievement, and in this he shows them much more respect than do those who would justify King's plagiarism as "borrowing."

But King's plagiarism is a side issue to Genovese, who concentrates on the logic and principles of King's theological views. Genovese finds these views to be more confused, and certainly much less traditional, than many of King's admirers would guess. We may not agree with Genovese that King was a great man, but he is right to stress King's historical importance, and to address the man, his politics, and his theology head on.

Varied as these pieces are, Genovese comes back to certain themes again and again. There is his admiration for nineteenth-century divines. There is his criticism of the marketplace as a substitute for society. There is his insistence on high academic standards—as he blasts Boston University for giving King A's for sloppy scholarship, or criticizes Afrocentrists for judging scholars by their politics rather than their ability.

Finally, there is his real if unbelieving interest in Christian theology, which perhaps explains the almost transcendent hopefulness of a man who admits, in the book's final essay, that beliefs he himself held dearly were responsible for the greatest injustices of this century. Let me allow Genovese to close for himself:

> As a nonbeliever who nonetheless has long accepted the essentials of the doctrines of original sin and human depravity and their tragic consequences for human history, I fear the worst. That fear need not generate paralysis, despair, and cynicism. It may, instead, steel us with the wisdom of Romain Rolland's great dictum: "Pessimism of the intellect! Optimism of the will!"
>
> That's good advice for all of us.

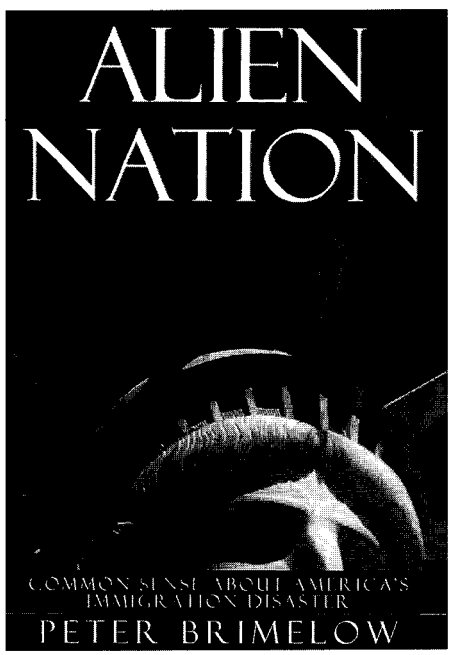
Katherine Dalton is associate editor of TAE.

MIGRANT HEADACHE

by Richard Estrada

Alien Nation: Common Sense About America's Immigration Disaster
By Peter Brimelow
(Random House: New York)
327 pages, $24

In *Alien Nation: Common Sense About America's Immigration Disaster,* Peter Brimelow employs the literary device of personalizing a highly complex national debate. He achieves this by reviewing his relevant exchanges with Julian Simon, the University of Maryland business administration professor whom he considers to be his principal adversary. Indeed, these two highly intelligent individuals do an able job of representing different segments of the political Right. Significantly, however, the rational center is not represented in this book.



Public opinion polls have long found public concern over a continuing wave of immigration that since 1970 has added 25 million newcomers and their children to the population of America's cities. While illegal immigration receives the lion's share of attention in the media, the debate increasingly focuses on legal immigration, which provides over two-thirds of newcomers to America. Brimelow's reference to two waves notwithstanding, experts speak of four immigration waves. Currently, the Fourth Wave is running at more than one million newcomers a year. In contrast to previous waves, the current one is dominated by Latin Americans and Asians, as opposed to Europeans.

A senior editor at *Forbes,* the author bemoans the "more is better" libertarian economic impulses that have re-emerged in the immigration debate in recent years. In 1990 this viewpoint was taken to its logical extremity when the editorial page of the *Wall Street Journal* proposed the following five-word amendment to the Constitution: "There shall be open borders." Libertarian immigration enthusiasm helped persuade Congress to substantially raise the levels of legal immigration in 1990.

Brimelow's argument that the economic benefits of immigration have been grossly overblown may be debatable, but it is well documented and deserves a serious response. He notes that publicly funded social-service costs for newcomers harm public budgets. This is particularly true in localities and states that are disproportionately affected by immigration. (Perhaps 75 percent of all newcomers settle in just six states—California, Texas, Florida, New York, New Jersey, and Illinois.)

Economics aside, however, it is the twin issues of race and culture that are the warp and woof of this book. The author essentially argues that U.S. immigration today is counterproductive insofar as there are too many unassimilable Third World newcomers in a nation founded by people of English stock. Himself a British immigrant, Brimelow endorses the traditional European notion that equates membership in the polity with bloodline.

Brimelow ignores the fact that in addition to Americans of European origin there are millions of hard-working and

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productive African Americans, Hispanic Americans, Asian Americans, and others who proudly exalt their citizenship over their race and ethnicity. They genuflect before America's traditional civic culture. But the national motto of *e pluribus unum* is apparently Greek to Brimelow.

Where the author scores a bull's eye is in noting that contemporary immigration is helping feed a multiculturalism that at times seems to augur outright Balkanization. Something *is* undermining assimilation today. If race and culture aren't the culprit, what is? Policymakers should consider the issue of numbers and basic historical differences.

While Brimelow criticizes the family reunification provision in the landmark 1965 immigration act that gave rise, unintentionally, to unforeseen Latin and Asian chain migration, I believe the real shortcomings of our current system lie in its indifference to the numbers and preparedness of today's immigrants. After a great lull in immigration from the late-1920s through the mid-1960s, the 1965 act re-introduced mass immigration—to a society much different from the one that accepted immigrant waves around the turn of the century.

During the nineteenth and early twentieth centuries, America was industrializing. Today's immigration is the first wave to occur in the post-industrial era. To be sure, some scholars have exaggerated the comparatively low skills and educational levels of today's newcomers, because they mistakenly compare them to relatively high-skilled refugees who entered during the immigration lull. When current Fourth Wave immigrants are compared to Third Wave immigrants, the skills and educational levels of the two cohorts are broadly comparable. This is anything but reassuring, however. The economy today demands far higher skills and educational levels of workers than it did before World War I.

While some influential Republicans in the Senate and House appear to understand the need to dovetail immigrant numbers with their skills and educational preparedness, others may not. As recently as a May 9, 1995 speech to the Cato Institute, Dick Armey, the majority leader of the U.S. House of Representatives and a former economics professor, supported *still* higher levels of legal immigration to the United States without any reference to improving our selection criteria.

Four major options are arrayed before policymakers today. One is immigration reform that would limit automatic family-member entries to spouses, children, and parents only, while putting greater weight on needed skills and educational qualities in selecting merit-based immigrants. Or, reform could tinker on the margins of the status quo. A third option would be to increase emphasis on race and culture when selecting immigrants. This may or may not include a moratorium on new arrivals. And a final choice would be to pursue the libertarian philosophy and allow a dramatic expansion of immigrant numbers.

Those who wish to use Brimelow's book as a guide to understanding the immigration issue should do so carefully. He is at his best in skewering a truly outdated system that rewards fraud and mendacity, while punishing capable applicants who obey the law. Readers will want to weigh carefully, however, the wisdom of Brimelow's focus on race, while keeping in mind that concerns about immigration are not necessarily racist or xenophobic.

Richard Estrada is associate editor of the Dallas Morning News *editorial page.*

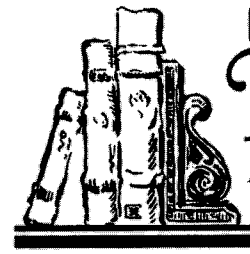
GREEN WHINE

by Jesse Walker

The War Against the Greens
By David Helvarg
(Sierra Club Books: San Francisco)
502 pages, $25

David Helvarg's *The War Against the Greens* offers environmentalists a conspiracy theory to account for the populist backlash against their movement. Like many conspiracy theories, it contains some grains of truth. Many corporations do lobby for ecologically unsound policies. The Wise Use movement does sometimes front for these interests. There have indeed been several ugly violent attacks on environmental activists in the last few years.

But from these facts, Helvarg draws conclusions that are simply untenable. He never manages to demonstrate that the



off The Shelf

A REGULAR REVIEW OF CLASSIC, OVER-LOOKED, NEWLY RELEVANT OR OTHERWISE DESERVING OLDER BOOKS

GOD AND LIBERTY

Allan Carlson

A tragedy of modern American environmentalism is its absorption of a mystic paganism, which has led to philosophical war against the whole of Christian civilization and Western humanism. A slender book entitled *The Holy Earth,* first published in 1915, offered a very different spiritualization of ecology, one bearing an authentic American accent. It deserves a fresh look.

The author, Liberty Hyde Bailey, was among the last of his countrymen claiming both a name and character that were authentically Yankee. Born in 1858 on an apple farm in western Michigan, Bailey was the son of a Vermont-reared father and a mother from the prominent Harrison family of Virginia. By the early 1890s, he had already emerged as the country's most important botanist and horticulturalist. His compendia on *The Plant Life of North America* and *The Cyclopedia of American Horticulture* remain classics in their fields. Offered the Chair of Practical and Experimental Horticulture at Cornell University in 1888, he moved to Ithaca, New York. Bailey eventually became Dean of Cornell's College of Agriculture, and a kind of legend.

He had the quirks once affectionately associated with the nation's professoriate. For years, Bailey maintained a weed garden next to his home, arguing that weeds were "nature's agents of conservation and reclamation" and "fellow-rovers in the pathways of life." He wrote essays in praise of the potato, criticizing European-trained chefs who despoiled

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the tuber's clean taste with "imported and fabricated condiments and trivialities."

It was a time, one need remember, when half of all Americans still worked small farms, or lived in hamlets serving agricultural families. Depressions marked by plunging grain prices and credit squeezes had shaken this domain in the 1870s and 1890s. But country news was still national news, and Bailey's became a household name.

Between 1905 and 1928, he devoted much of his energy to encouraging the "Rural Civilization" that he believed was taking shape in the greater Mississippi Valley. Appointed in 1908 by President Theodore Roosevelt to chair the National Commission on Country Life, Bailey's subsequent report led to creation of the U.S. Extension Service, including its youth (or 4-H) and Homemakers components. He served as chief theorist of the Country Life Movement, organized a series of nature study centers to teach country children to know and love "the common things and experiences in [their] environment," and compiled large annual directories of rural leaders, called The Rural Uplook Service.

A lifelong pacifist and a foe of the League of Nations ("A superstate might grow into a supertyranny"), Bailey eschewed direct politics. "I am no radical," he explained. "I stand instead for the conservation of native values."

In the summer of 1914, Bailey embarked on a lecture trip to New Zealand. Aboard ship, "in the sweltering heat of the tropics," he drafted *The Holy Earth,* a questioning of humankind's fundamental relationship to the planet, and of the individual's bonds to community.

Bailey celebrated "the mothership of the earth," and acknowledged evolution as truth. But he denied that these conflicted with Christian revelation. Evolution, he insisted, was "the philosophy of the oneness in nature and the unity in living things," a system guided by God the Father:

> Verily, then, the earth is divine, because man did not make it. We are here, part in the creation. We cannot escape. We are under obligation to take part and do our best living with each other and with all the creatures. We may not know the full plan, but that does not alter the relation.

It was also wrong, he said, to understand the evolutionary process as driven by ruthless competition. Rather, the primary qualities were cooperation and procreation: "The dependence of one being on another, success in leaving progeny—how accurate and how farseeing was Darwin!"

The farmer was the human side to the modern bond with the earth. The Creation was "biocentric," with forms of life proceeding upwardly and onwardly in a mighty plan of sequence. The true husbandman understood this process. He had a strong moral regard for his land, animals, and crops. He was the agent of society in guarding and subduing the surface of the earth. And he was the agent of God who made it. Man and nature, Bailey insisted, were not at odds: "The contest with nature is wholesome, particularly when pursued with sympathy and for mastery. It is worthy a being created in God's image."

Independent farmers were also critical to the preservation of democracy and liberty, forming "a natural corrective... against organization men, habitual reformers, and extremists." Like the writers gathered around Belloc and Chesterton, Bailey stressed "the very real importance of making it possible for an increasing proportion of the people to have close touch with the earth in their own rights and in their own names." But he grew hazy on the details.

Indeed, the contemporary reader is struck by Bailey's haphazard efforts at economics. He both celebrated technological advances in agriculture and lamented falling commodity prices, refusing to acknowledge their connection. When he finally did, the consequence was his withdrawal back into pure science, becoming by his death in 1954 a leading authority on the palms.

The importance of *The Holy Earth,* though, lay in its positive reconciliation of Christianity with Nature, of spirituality with science, and of ecology with civilization, within a moral vocabulary bearing native Yankee roots. In his last years, Bailey walked the Cornell campus as a kind of ghost, the eccentric legacy of an Agrarian Republic buried by the New Deal and World War II. He did leave, though, a vision of humankind and the natural world authentically bound to America, one still more suited to our place and time than the Gaea worship of the new pagans.

Allan Carlson is president of the Rockford Institute in Illinois.

Wise Use movement organized any of the violence he documents, though he does his best to make up for this with innuendo. He barely distinguishes between the Wise Use and property-rights movements. And sometimes he spins theories that are a little—well—odd. Take this explanation of Korean religious leader Sun Myung Moon's financial support for anti-enviro causes: "A Japanese-owned pulpmill in Sitka, Alaska had been the main beneficiary of below-cost logging in the Tongass National Forest until late 1993.... Also, the Mitsubishi corporation has been the main purchaser of raw logs from Weyerhaueser, which now finds itself losing market share to finished paper products from Japan. The Japanese are also grazing beef cattle on public lands in Montana and are the main purchasers of Alaskan fish, including haddock and other species facing commercial extinction owing to overharvesting." Thus, "the Moonies' efforts to help get Wise Use off the ground...seem designed to advance the economic cause of Moon's 'true nation' of Korea/Japan."

Mitsubishi...Moon...what's the difference? They've all got slanty eyes, right?

Despite this burst of Yellow Peril paranoia, the author's main target is the domestic corporate community. Helvarg argues that the Wise Use and property-rights movements are not grassroots uprisings but "Astroturf" movements created by big busi-

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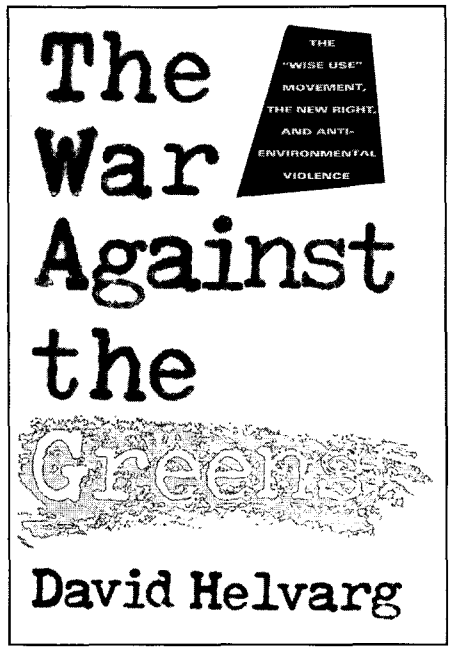
ness. He does document significant ties between industry lobbies and Wise Use's leadership and finances. But he also admits that most rank-and-file Wise Users distance themselves from the trade associations—and that most property-rights activists distance themselves from Wise Use. The chief aim of Wise Use is to alter priorities for the use of public lands. Since fights over public lands invariably boil down to interest-group politics, it is unsurprising that the Wise Use agenda is aligned with, and to some extent directed by, that of organized interest groups. But the property-rights movement is concerned with *private* land use; it is made up of previously unorganized landowners threatened by the government. It was not carefully crafted by policy entrepreneurs but spontaneously formed by families under attack.

If Helvarg is really interested in the intersection of big money and environmental politics, he might direct his attention to special-interest involvement in the *environmentalist* movement. Shouldn't someone who raises his eyebrows at "the $4-million-a-year Cato Institute" also take a look at the $43.2-million Sierra Club that published his book?

Apparently not. Helvarg admits that the Beltway environmentalists "use many of the same techniques as the private-sector lobbies," but argues that the similarity stops there. Critics of the Greens are simply "identifying environmentalists and resource lobbyists as competing special interests without considering whose interests they're representing"—those of the public or those of the powerful.

There's a problem with this simple dichotomy. Just because a group says it's lobbying in the public interest doesn't mean it's actually fighting for the common good. Many private forces have a lot to gain from "public-interest" regulation. The most obvious of these is the lobbies themselves, who have a stake in self-perpetuation. Another is government agencies, who have an even greater drive to expand and reproduce themselves. Then there are all the companies hungry for government cheese—the revolving door between EPA regulators and Superfund contractors is a scandal—and the corporations that have discovered, to quote the late Warren Brookes, that "big companies are in a much better position to live with [regulations] than smaller competitors, which often cannot afford the heavy capital and process costs of meeting these arranged standards. The result...is not only to put smaller companies at a competitive disadvantage, but also to raise the cost of entry to new competitors."



Helvarg acknowledges these problems, in a roundabout way. He admits that it was industry that quashed early-'80s schemes for privatizing public lands: "The last thing western miners, ranchers, and logging companies wanted was to pay full market value for the public lands they were already operating on at little or no cost." But he doesn't pursue these issues.

Outside the Beltway, grassroots Greens *are* asking these questions—and are starting to regard the big environmental lobbies with the same mistrust property-rights activists have shown for Wise Use leaders. Most observers see this split within the Greens as a war between local and national organizations, though maverick environmentalist Randal O'Toole has argued convincingly that the divide lies between indigenous volunteer groups and groups with professional staffs. Either way, the conflict is real. Writing in the December 1994 *Wild Forest Review,* Alexander Cockburn and Jeffrey St. Clair don't pull their punches: "The Wise Use movement, led by former Sierra Clubber Ron Arnold and staked (like the big Greens) by oil companies, was able to score many hits and rally populist opposition precisely because so many of the charges rang true. The mainstream environmental movement was elitist, highly paid, detached from the people, indifferent to the working class, and a firm ally of big government....The environmental movement is now accurately perceived as just another well-financed and cynical special interest group, its rancid infrastructure supported by Democratic Party operatives and millions in grants from corporate foundations."

Helvarg's model of a war between Greens and anti-Greens blinds him not only to divisions within the respective movements, but to overlaps between them. Thus, when discussing property-rights leader John McClaughry, Helvarg comments that "much to his annoyance," McClaughry's book *The Vermont Papers* has "won a following among some of the state's leftists." I don't know where Helvarg acquired the notion that McClaughry eschews left-wing support, but it probably wasn't from McClaughry, who has served on the board of the E. F. Schumacher Society, provided a warm jacket blurb for *Green Politics,* and filled *The Vermont Papers* with deliberately leftish language.

Who does someone faced with toxics in his backyard have more in common with: a harried landowner fighting an oppressive bureaucracy, or an environmental lobbyist demanding more pages in the *Federal Register?* Isn't it possible to support the staples of environmental rhetoric (clean air and water, biodiversity, conservation of resources, preservation of natural beauty) while opposing intrusive regulation—especially if there are better, non-statist ways to reach ecological goals?

The Beltway Greens have a lot at stake when they try to convince the rank-and-file they've nothing in common with the rubes and rednecks on the opposite side of the green line. And that's the real purpose of this book. This isn't an exposé—it's a weapon in a propaganda war.

Jesse Walker is assistant editor of Liberty *magazine.*

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Authors

LITERARY LIVES BY FLORENCE KING

Robert Fulghum, Arrested Developer

Reading Robert Fulghum is like living with someone who says "Good morning" in the morning. Like listening to Oliver North call his wife "my best friend." Like going to see *The Sound of Music* with one of those women who has already seen it 30 times.

Who is Robert Fulghum? The biographical blurb on his four heart-warming, inspirational books identifies him as a fiftyish grandfather living on a houseboat in Seattle who has been: "a working cowboy, IBM salesman, professional artist, folksinger, Unitarian minister, bartender, teacher of drawing and painting, writer, and amateur philosopher. He is still working on what he wants to be when he grows up." If this curiously varied work history makes you think of the social worker's signature line, "had trouble on the job," you are a hopeless cynic. It's supposed to make you think of Fulghum as the Little Smile Button That Could.

His first book, *All I Really Need to Know I Learned in Kindergarten* (1986), grew out of a lighthearted little checklist he wrote for his Unitarian flock. It consists of winsome suggestions, not one of them tongue-in-cheek, about how to be nice to each other for people who like their Ten Commandments filtered through Dick and Jane. Predictably, for Fulghum has a sit-com penchant for bathroom jokes, he gives "remembering to flush" a prominent place, but the most memorable entry is: "Think what a better world it would be if we all—the whole world—had cookies and milk about three o'clock every afternoon and then lay down with our blankies for a nap."

This infantile credo was read aloud at a school function attended by Sen. Dan Evans of Washington, who asked for a copy and read it into the *Congressional Record.* After that it was reprinted in *Reader's Digest* and "Dear Abby," quoted by Paul Harvey and Larry King, and used on a poster by Southwestern Bell. "One day," Fulghum relates, "it was sent home from school in a knapsack of a child whose mother is a literary agent." She asked him for "additional material," so he gathered up what he calls his "stuff"—thoughts and experiences that he jots down—until he had enough upbeat miscellany for a book.

The rest, as they say, is hysteria. Fulghum's kindergarten hosanna was such a blockbuster best-seller that he went on to publish three more books: *It Was on Fire When I Lay Down on It* (1988); *Uh-Oh* (1991); and *Maybe (Maybe Not)* in 1993. All are blurbed "a celebration of everyday life" and read like Rousseau on the cheap.

No matter where Fulghum turns, he keeps meeting people who prove his contentions that the world is a wonderful place and human nature is the greatest thing since security blankies. There's his shoemaker, who tucks chocolate chip cookies into his shoes. There's the cop who, arresting a bevy of topless bathers, remembered to arrest a flat-chested girl along with her better-endowed partners in crime, and thus "made tact and generosity part of the legal system."

People without messages all over their fridge doors are unfeeling. "Lighten up," Fulghum advises. "Get your stuff up there. Disorder is love." Above all, remember that "childhood can be forever," a maxim Fulghum demonstrates most rivetingly: Whenever he goes to Washington he seeks out a little-known statue of a seated Albert Einstein and sits in its lap.

So much for the text. The "subtext," as feminists would say, is what interests me.

"CHILDHOOD CAN BE FOREVER" IS THE MAXIM FULGHUM DEMONSTRATES MOST RIVETINGLY.

These happy little people-lovers like Fulghum always give themselves away if you wait long enough, and as a firm believer in the principle that everything is even worse than it seems, I am a font of patience. Fulghum may not know it—his readers certainly don't—but he has a morbid streak.

Under the guise of an essay on cooking, he indulges in a grim rumination on mushrooms. Mushrooms are part of "the dark underworld of living things...that make their way into the world by feeding upon decaying matter. Yeast, smuts, mildews, molds, mushrooms." In an essay on dishwashing, he refers to food particles too big to go down the drain as "dinner dandruff" and reflects that the meal he just ate is now "rotting" in his stomach. He treats us to a description of his cut finger: "There's the most beautiful color in the sink. A scarlet red you can't buy in a tube at the art supply store. And it's homemade." (Baudelaire with a boo-boo.) In each of these he strives for his usual upbeat ending with salutes to the "wheel of life," but under his sunny chortling we detect Edgar Allan Pooh.

America has always labored under the burden of relentless good cheer and optimism. The reception accorded Fulghum's cooing idylls, however, bespeaks arrested development on a national scale. And news events point in the same direction. A country that claims "loss of innocence" after every disaster can only be hiding under one of Robert Fulghum's blankies.

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Edited by Martin Morse Wooster

the Digest

Summaries of important new research from the nation's universities, think tanks, and investigative publications

POLITICS

Is the Welfare State Constitutional?

Stephen Moore, "The Unconstitutional Congress," in Policy Review *(Spring 1995), Heritage Foundation, 214 Massachusetts Avenue NE, Washington, DC 20002.*

Critics of government programs frequently argue that these programs are wasteful, ineffective, or unnecessary. Moore, the Cato Institute's director of fiscal policy studies, suggests another, now largely forgotten, argument: that most social welfare programs are unconstitutional. Fiscal conservatives, he contends, should "start making the case that most federal spending today is illegitimate because it lies outside Congress's spending powers under the Constitution."

Article I, Section 8 of the Constitution lists 16 reasons why Congress can authorize federal spending, including authorizing patents, paying for the national defense, and creating federal courts. For the first 150 years of our nation's history, many prominent politicians argued that the federal government should be limited to those duties enumerated by the Framers. In 1827, for example, freshman congressman Davy Crockett helped to defeat a bill that would have given $10,000 to the widow of a naval officer, stating that "Congress has no power to appropriate this money as an act of charity." President Franklin Pierce vetoed an 1854 bill that would have given federal aid to the mentally ill because such an expansion of government would have been "subversive to the whole theory upon which the Union of these States is founded."

But in the 1930s President Franklin Roosevelt argued that New Deal programs were constitutional because of a portion of Article I, Section 8 that states that Congress can act to "promote the general welfare of the United States." Courts have since interpreted this clause to mean the federal government can do whatever it likes. But Moore notes that the Framers intended this clause to be used narrowly. "Congress has not unlimited powers to provide for the general welfare," Thomas Jefferson wrote in 1798, "but only those specifically enumerated" in the Constitution.

Moore suggests that frugal congressmen should routinely ask whether dubious federal programs are Constitutional. By raising questions about the constitutionality of federal funding for midnight basketball or Belgian endive research, Moore contends, fiscal conservatives can "win the epic battle over the budget that is now looming on Capitol Hill."

Porkbarrelling in New York State

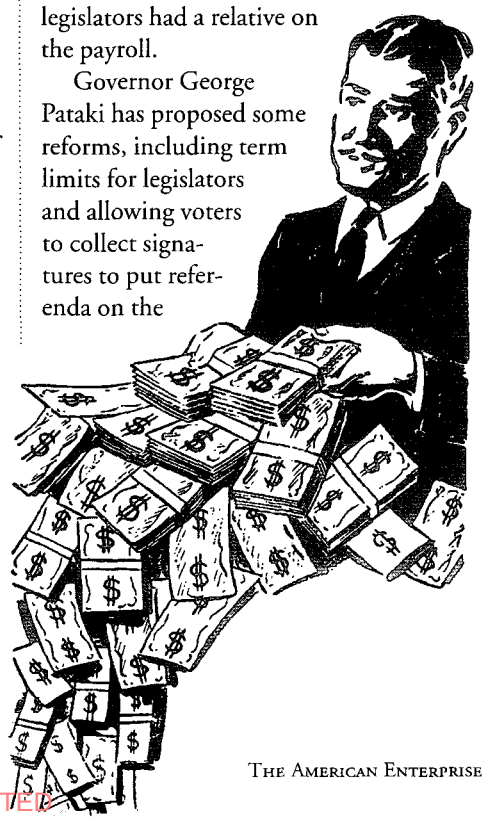
Kenneth Silber, "New York's Nightmare Legislature," in City Journal *(Spring 1995), Manhattan Institute, 52 Vanderbilt Avenue, New York, NY 10017.*

Congress isn't the only legislative body in America suffering from gridlock, bloated staffs, and an inability to cut spending. The New York state legislature, reports free-lancer Silber, has even graver problems. "Under current arrangements," he writes, "the legislature operates as a relentless business-crushing, job-killing, tax-and-spend machine, geared toward the expansion of government and the promotion of special interests at public expense."

For over 20 years, Republicans have controlled the New York State Senate while Democrats have maintained a majority in the State Assembly. Both houses protect incumbents by using gerrymandering and punitive ballot access laws that discourage challengers. In addition, Democratic assemblymen and Republican senators have tacitly agreed to allow the other house to liberally dispense pork to favored constituents. "In essence," Silber reports, "the two majorities have resolved their budget disputes by agreeing to spend more money on everything."

Both houses spend a great deal of money. With over 4,400 people on the payroll, New York's legislature has as many staffers as California's, even though California has over 12 million more people. Featherbedding and nepotism are rife: a 1994 investigation by the *Syracuse Herald-Journal* reported that 1 out of 10 legislators had a relative on the payroll.

Governor George Pataki has proposed some reforms, including term limits for legislators and allowing voters to collect signatures to put referenda on the



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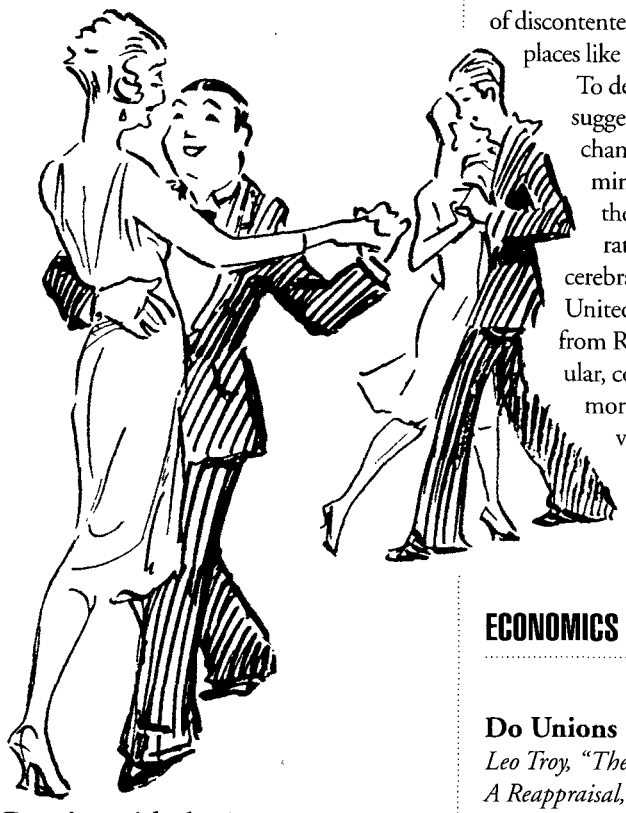
ballot. But Silber predicts that it might take a state constitutional convention—which can't be held until at least 1997—before substantive reform takes place.



Dancing with the Russians

Leon Aron, "A Different Dance—From Tango to Minuet," in The National Interest *(Spring 1995), 1112 16th Street #540, Washington, DC 20036.*

During the Cold War, argues Aron, a fellow at the American Enterprise Institute, the relations between the United States and the Soviet Union resembled a tango. The two superpowers were absorbed in each other, uninterested in the other couples on the global "dance floor."

Now that the Soviet Union has died, Aron contends, the tempo of diplomacy between the United States and Russia ought to change, because Russia's goals are substantially different than those of the Soviet Union.

Russian foreign policy was traditionally based on three premises: a view of Russia as the savior of the Orthodox Church and the world's Slavs; a steadily expanding military; and an endlessly expanding empire. Russian president Boris Yeltsin has reversed all three premises, abandoning ideological fantasies, reducing the military from 4.5 million to 1.5 million in three years, and freeing areas such as the Ukraine and the Baltic states after more than 250 years of Russian control. Yeltsin must also contend with the millions of discontented Russians returning from places like Kazakhstan and Georgia.

To deal with the new Russia, Aron suggests that the United States change its diplomatic dance to a minuet—with relations between the two nations being "elaborate, graceful, slow, aloof, and cerebral." Like a minuet dancer, the United States should distance itself from Russia while maintaining regular, cool, formal contacts. This more stately approach to the volatile nation, Aron urges, will best ensure stable U.S.-Russian friendship.

ECONOMICS

Do Unions Have a Future?

Leo Troy, "The End of Unionism? A Reappraisal," in Society *(March/April 1995), Rutgers-The State University, New Brunswick, NJ 08903.*

In 1953, 36 percent of America's private-sector workers were members of unions. Today, only 11 percent are, and Troy, a Rutgers University economist, predicts that by 2000 only 7 percent of U.S. private-sector workers will belong to a union—about the same percentage as in 1900. In 1993 alone, private-sector unions lost 150,000 members—1.5 percent of their total membership. United Auto Workers membership is down to 700,000, a drop of 50 percent since 1969. American railroad unions now have just 225,000 members, compared to 1,100,000 after World War II. The Teamsters have lost 500,000 members from their peak.

These membership declines, Troy argues, have two causes. White-collar service workers, where most job growth is taking place, are far less likely to join a union than blue-collar counterparts on disappearing assembly lines and shop floors. And global competitors, by offering lower-cost products, have substantially reduced the ability of monopolistic unions to artificially raise wages above market levels.

Union leaders and Clinton administration officials are trying to expand government regulation to halt falling union membership, but these will be unsuccessful, Troy predicts. "Because of the growing power of worldwide and domestic competition," he writes, "the Old Unionism is in a permanent state of decline."

Job-killing Governments

William W. Lewis, René Limacher, and Michael D. Longman, "Why Employment Performance Differs," in The McKinsey Quarterly *(Number 4, 1994), 55 East 52nd Street, New York, NY 10022.*

Why do some countries fare better at creating jobs than others? The authors led a research team of McKinsey Global Institute analysts who examined the performance of seven industries in France, Germany, Italy, Spain, Japan, and the United States. Their conclusion: government efforts to "protect" jobs tend to increase unemployment.

"Preserving existing jobs in any industry slows productivity growth and weakens the competitiveness of that industry," the McKinsey Global Institute analysts report. French efforts to preserve cinema jobs ensured a lower level of growth in private television networks and video stores. Restrictions on competition and on operating hours ensured that retail employment in France, Japan, and Germany fell substantially.

Other government restrictions also retarded economic growth. In the construction industry, for example, tough zoning laws, building codes, and other restrictions destroyed between 6 and 11 jobs per 1,000 in France, Germany, and Italy. The McKinsey researchers also found little evidence that government job training programs as-

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sisted workers in obtaining jobs; 43 percent of Germany's unemployed, for example, had completed apprenticeship programs.

To encourage job growth, the McKinsey researchers call for governments, particularly in Europe, to remove job-destroying market restrictions. Reducing minimum wages and unemployment benefits, for instance, will encourage job growth. And contrary to popular wisdom, "productivity gains do not generally bring mounting unemployment....Rather, they provide more income for workers in old jobs, and free other workers to fill new jobs created by entrepreneurs."

Do Free Trade Agreements Slow Free Trade?

Jagdish Bhagwati, "U.S. Trade Policy: The Infatuation With Free Trade Agreements," and Anne O. Kreuger, "Trade-Creating and Trade-Busting Aspects of NAFTA." Papers presented at an American Enterprise Institute conference, April 5, 1995.

Now that the North American Free Trade Agreement has been passed, the Clinton administration wishes to expand the agreement to include Chile and possibly many of the nations of the Caribbean. But Bhagwati, a visiting scholar at the American Enterprise Institute, and Kreuger, a Stanford University economist, argue that free trade agreements don't necessarily promote free trade.

The problem, Bhagwati and Kreuger argue, is that while they can reduce tariff barriers among member nations, such agreements may also codify arcane barriers between trading partners. The NAFTA pact, for instance, included over 200 pages of regulations defining where products originate, in order to precisely determine whether or not they are subject to an external tariff. According to economist Jan Herin, obtaining the documents needed to satisfy such requirements adds between 3 and 5 percent to the cost of a product.

Also troubling are the labor and environmental "side agreements" added to NAFTA. These agreements not only have little to do with free trade, but have made tariff-reducing negotiations in the World Trade Organization more complex, as activists attempt to include these restrictions in global trade negotiations.

Bhagwati and Kreuger suggest that strengthening the World Trade Organization will do more to make trade freer than trying to expand regional free trade agreements, with their complex and confusing stipulations. Unless more emphasis is placed on WTO negotiations, Bhagwati argues, "the architecture of the new world trading system" might be one where NAFTA members and the European Union create blocs that fight each other with massive tariff barriers. And that, Bhagwati concludes, "would be a tragedy."

SOCIETY

Lawyers in the Welfare Wars

Pamela Coyle, "Rights or Responsibilities?" in ABA Journal *(April 1995), American Bar Association, 750 North Lake Shore Drive, Chicago, IL 60611.*

As the debate over welfare reform continues, lawyers are becoming more active. The result, predicts Coyle, a reporter for the *New Orleans Times-Picayune,* will be "legal battles surrounding welfare reform that make current skirmishes look like playground fistfights."

The legal debates over welfare began in the late 1960s, when "new property" legal theorists, led by Yale's Charles Reich (author of *The Greening of America*) argued that there was a constitutional right to welfare because poverty was an inevitable byproduct of capitalism. In *Shapiro v. Thompson* (1969), for instance, the Court declared that a one-year residency requirement for welfare was unconstitutional because it restricted the right of Americans to freely travel from state to state. More than 20 years later, rulings from the Minnesota and New York Supreme Courts declared that lower welfare benefits for new residents are unconstitutional.

If welfare becomes a program of block grants to the states, says Coyle, welfare "advocates stand to lose a substantial body of case law" to support their positions. In addition, many judges are beginning to question the traditional view that welfare benefits should be unconditional and nationally uniform. Moreover, many of the lawyers fighting for welfare expansions work for the Legal Services Corp., a federally funded agency that could be reduced or eliminated in the future.

But Institute for Justice president William Mellor warns that even if the Legal Services Corp. was eliminated, "dozens of other liberal advocacy groups are likely to fill the void"—ensuring that the legal welfare wars will continue.

Doing Good for Profit

Jerr Boschee, "Social Entrepreneurship," in Across the Board *(March 1995), Conference Board, 845 Third Avenue, New York, NY 10022.*

John DuRand had been running his charitable rehabilitation center for over a decade when one spring day he met with his 11 senior managers and, after serving them wine and cheese, fired them. From that day forward, DuRand explained, the rehabilitation center would be run as a customer-responsive business. "If you can get your minds and hearts and souls around the change," DuRand said, "I want you back."

Nine of the 11 managers stayed and helped DuRand's company, Minnesota Diversified Industries, become a firm with 750 employees and $14 million in annual sales. DuRand's decision, specialist Boschee reports, is not unusual. Across America scores of nonprofits are similarly converting themselves into profit-seeking ventures.

These entities divide into two groups: those like Minnesota Diversified that seek to provide useful work for large numbers of mentally or physically disabled people; and others that try to provide direct aid to a particular group, such as troubled children or recovering drug addicts.

Some come to social entrepreneurship, Boschee observes, after eschewing government aid. The Delancey Street company in San Francisco, for example, which rehabilitates drug addicts, has not taken any government funds since its founding in 1971. Today, Delancey Street has over $6.5 million in sales, and over 10,000 of its former drug-using resi-

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dents have become productive members of the workforce.

Other people begin social enterprises because of frustration with government. Jim Boyle and Lori Sweeney were Illinois public school teachers frustrated with the inability of school bureaucracy to help high school dropouts. They founded Ombudsman Educational Services, a company that makes over $4 million annually operating privately run high schools for troubled students under state and local contracts.

It's not easy to convert a charity into a profitable business, Boschee warns, but "when it works, everybody wins: the nonprofit involved becomes increasingly self-sufficient, more clients are served, and the pressures on public and private subsidies are eased."

OTHER COUNTRIES

Back to Confucius?

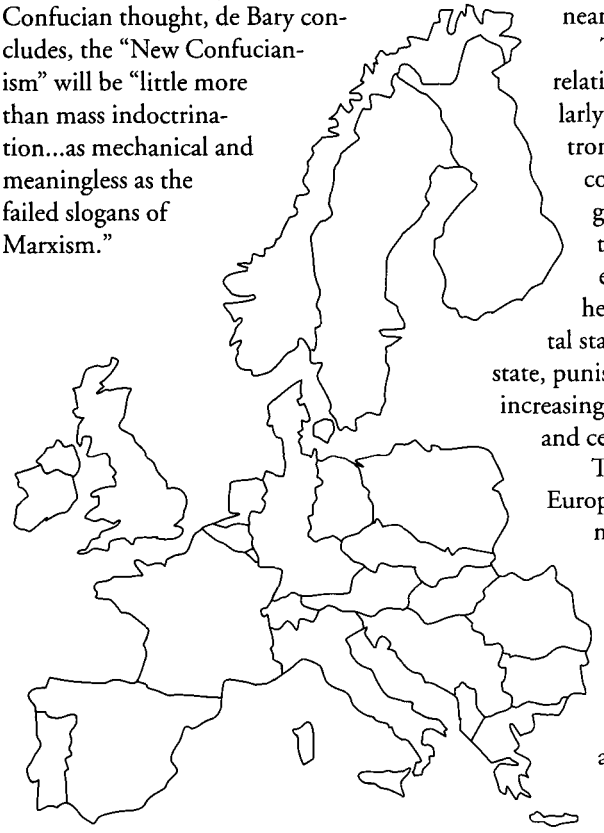
Wm. Theodore de Bary, "The New Confucianism in Beijing," in The American Scholar *(Spring 1995), 1811 Q Street NW, Washington, DC 20036.*

During China's Cultural Revolution in the late 1960s, Red Guard radicals delighted in showing their iconoclasm by smashing anything they could find that related to Confucius, deeming the wisdom of the ancient Chinese philosopher "reactionary" and "feudal." But though China is still nominally a communist nation, few Chinese believe in Marx or Mao anymore, so China's leaders, according to de Bary, a Columbia University emeritus professor, are reacquainting the people with Confucius.

Confucianism began its revival in China in 1980, when the first in a series of international congresses on Confucian thought was held in Beijing. Among the congress speakers were Gu Mu, a leading architect of China's economic reform plan, and Lee Kuan Yew, the long-time prime minister of Singapore. In 1984, the China Confucius Foundation was created to raise funds for the restoration of Confucian temples destroyed during the Cultural Revolution. The officers of this foundation include many high-ranking members of the Chinese nomenklatura.

After the Tienanmen Square massacre of 1989, de Bary writes, China's aging leaders decided to use Confucian thought as a way to block "decadent libertarian influences from the West." Using Confucius's teaching of "harmony without conformity" as a cornerstone, these leaders have presented a Confucius who promoted a stable society, respect for superiors, and protection of the environment.

But because so few Chinese have read Confucius at this point, unless China is prepared to spend a great deal of time and money retraining teachers in Confucian thought, de Bary concludes, the "New Confucianism" will be "little more than mass indoctrination...as mechanical and meaningless as the failed slogans of Marxism."



Doubts About the European Union

Noel Malcolm, "The Case Against Europe,'" in Foreign Affairs *(March/April 1995), Council on Foreign Relations, 58 East 68th Street, New York, NY 10021.*

After 45 years of growth, the organizations of the European Union (EU) have become large super-governmental bodies that routinely intrude into the lives of hundreds of millions of people. EU supporters argue that the organization will inevitably integrate the economies and governments of the 15 member states as firmly as the American federal government unites the 50 states. But Malcolm, a columnist for Britain's *Daily Telegraph,* suggests that skepticism about the EU is in order.

Currently, only parts of the European Union resemble a federal government. Over 60 percent of the EU budget goes to the Common Agricultural Policy, a $45 billion program of farm subsidies that ensures the average European family of four will pay $1,600 more each year for food than it would without the policy. This ill-advised agriculture spending shows no sign of shrinking in the near future.

The EU has also created some relatively high tariff walls, particularly for steel, textiles, and electronics. In addition, European consumers must pay more for goods because of "harmonization" standards that impose expensive German-style health, safety, and environmental standards in every EU member state, punishing small businesses with increasingly unaffordable inspection and certification costs.

The transnational nature of the European Union ensures that it will not be very democratic. Ethnic and linguistic barriers, Malcolm predicts, make it unlikely that a Danish voter will ever be inspired by a European Parliamentarian speaking Portugeuse, for example. Because the European Parliament is based on a pretense that national differences do not exist, Malcolm argues, its debates are those of a "world from which real politics has been carefully extracted." He predicts that as the European Parliament becomes more powerful, there will be an increase in corruption among its members and a rise in nationalistic animosity among disgruntled voters who feel the parliament does not represent their interests. Europeans, Malcolm concludes, "should view the creation of this hugely artificial political entity with a mixture of alarm and dismay."

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Shaky Arabia

"Saudi Arabia's Future: The Cracks in the Kingdom," in The Economist *(March 18, 1995), 25 St. James's Street, London SW1A 1HG, United Kingdom.*

In the 1970s, Saudi Arabia seemed like an economic powerhouse and a stable American ally in the volatile Middle East. Now, says *The Economist,* everything is crumbling. Oil revenues have fallen, enemies on the nation's borders appear to be stronger, and even the monarchy may be in trouble.

Saudi Arabia's rulers, *The Economist* notes, have long assumed that "their people will accept economic development as a substitute for democracy." But Saudi government spending fell by 20 percent in 1993 and 6 percent more in 1994. Saudi residents must pay more for electricity, water, gasoline, and domestic airline tickets, and no longer enjoy free local telephone calls.

The wounds caused by the Gulf War have still not healed. Many members of the *ulema,* Saudi Arabia's religious establishment, accused King Fahd of promoting *fitna* (dissension) by calling on Western forces to help Muslim fight Muslim. Many devout Muslims are beginning to question the rule of the House of Saud. Some of these anti-monarchical forces, such as Sheikh Salman al-Audah and Safar al-Hawali, are right-wing radicals who hate the West and the ruling family with equal fervor. Others, such as Muhammad al-Massari, are Western-educated and somewhat more moderate.

The biggest threat to the Saudi monarchy may be one of that nation's 6,000 princes. Ever since the death of Ibn Saud, founder of the Saudi Arabian monarchy, the kingdom has been ruled by the eldest of his 40 sons. But in 1992 King Fahd declared that a king could henceforth select his successor from the most suitable of Saud's sons. The next occupant of the Saudi throne could thus arrive by making a deal with members of the religious establishment.

It's by no means certain that Saudi Arabia's future will be bright. Westerners who think of disintegrating Muslim nations might worry first about Algeria or Egypt, says *The Economist,* but "they should spare a troubled thought for Saudi Arabia."

SCIENCE AND ENVIRONMENT

Gloom No More

Gregg Easterbrook, A Moment on the Earth: The Coming Age of Environmental Optimism. *Viking, 375 Hudson Street, New York, NY 10014. 698 pages, $27.95.*

Environmentalists love to claim that the world is suffering from ecological disasters that can only be solved by massive amounts of government aid. But author Easterbrook argues that America's environment has actually improved dramatically since the first Earth Day in 1970.

Among the encouraging environmental trends of the past 25 years that he cites:

- Cleaner air. Smog levels have dropped by a third in 25 years, even though Americans own 85 percent more cars than in 1970 and drive them 105 percent more often. Since 1970, the lead in America's air has been reduced by 98 percent, while sulfur dioxide levels have dropped by 30 percent and carbon monoxide emissions have fallen by 24 percent.
- Cleaner water. In 1972, two-thirds of the bodies of water in the United States were unsafe for fishing or swimming. Today, only one-third are unsafe. Phosphorus levels in the Great Lakes are between 40 and 70 percent lower than in 1980.
- Less toxic waste. Between 1988 and 1992, the amount of toxic emissions produced by American factories fell by 35 percent. Few new toxic waste dumps are being created, and the old ones are slowly being restored to ecological health.
- Forests are increasing. "Even though Americans use more paper than they did a decade ago," Easterbrook reports, "this country is increasingly covered by a canopy of trees." In 1850, a third of Massachusetts was covered by forests. Today, 60 percent of the state is woodland.

Easterbrook notes that his fellow liberals are strangely reluctant to embrace these encouraging trends. During the 1988 presidential campaign, for instance, Democratic presidential candidate Michael Dukakis didn't respond to George Bush's charge that he had left Boston Harbor in terrible shape, even though a $4 billion waste-treatment plant was beginning a cleaning that, seven years later, has made the harbor safe for swimming. Why didn't Dukakis respond? "Because doing so," Easterbrook writes, "would have required Dukakis to talk about the environment in upbeat terms."

"Liberalism," Easterbrook concludes, "is on the defensive today because, as a philosophy, it concentrates almost entirely on what has failed—about America, about public policy, about daily life." To regain the offensive, he argues, liberals ought to be honest about environmental successes instead of constantly painting a false picture of ecological doom.

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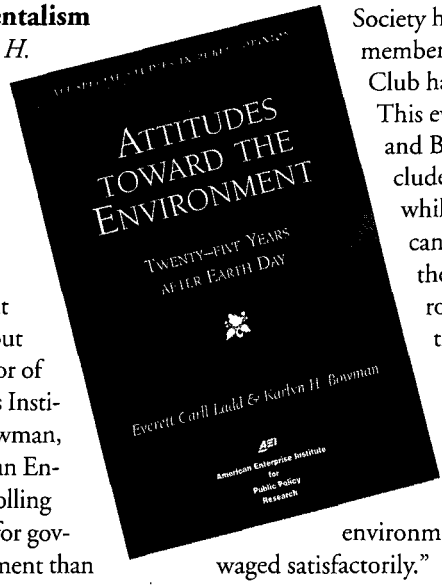
Unpassionate Environmentalism

Everett Carll Ladd and Karlyn H. Bowman, Attitudes Toward the Environment: Twenty-Five Years After Earth Day. *AEI Press, 1150 17th Street NW, Washington, DC 20036. 51 pages.*



What do polls tell us about how Americans feel about the environment? Ladd, director of the University of Connecticut's Institute for Social Inquiry, and Bowman, a resident fellow at the American Enterprise Institute, report that polling data show voters are less eager for government to rescue the environment than 20 years ago. "Today Americans remain committed to the goal of protecting and improving the environment, but they no longer see an urgent problem," write the authors. "They are not inclined to take many additional steps—certainly not costly ones—to improve the environment."

Consider the polls that Roper Starch Worldwide has conducted since 1974, asking respondents to list two or three problems that they are "personally concerned about." In July 1994, only 12 percent of those surveyed listed the environment as a cause that worried them, far less than those bothered by "crime and lawlessness" (51 percent), drug abuse (32 percent), and the courts (29 percent). Exit polls taken in 1994 by Voter News Service showed that only 3 percent of voters said the environment was their primary concern. Forty-two percent mentioned the economy.

Americans tend to tell pollsters they're ecologically minded, but don't believe dramatic action is needed to improve the environment. In a September 1994 Roper Starch Worldwide poll, for instance, only 32 percent of the public favored mandatory car pools. Only 24 percent supported a requirement that new cars run on electricity.

Apathy also expresses itself in the falling membership of environmental organizations. While some groups, such as the National Audubon Society and the Natural Resources Defense Council, have maintained or slightly increased their membership, since 1990 Greenpeace has lost 1 million members, the Wilderness Society has lost 129,000 members, and the Sierra Club has lost 86,000. This evidence, Ladd and Bowman conclude, suggests that while most Americans still consider themselves environmentalists, they also believe that "the urgency has been removed, and the battle to protect the environment is being waged satisfactorily."

Chemicals Are Our Friends

Dennis T. Avery, Saving the Planet with Pesticides and Plastic: The Environmental Triumph of High-Yield Farming. *Hudson Institute, Herman Kahn Center, Post Office Box 26-919, Indianapolis, IN 46226. 423 pages, $12.95.*

The world's farmers are becoming more productive. According to the UN Food and Agriculture Organization, for example, America's corn farmers and India's wheat farmers have more than tripled their harvests over the past 40 years.

But many ecologists complain that this increase in agricultural productivity will severely harm the environment. Author Barry Commoner argues that "the substitution of fertilizers for manure and crop rotation, and of toxic synthetic pesticides for ladybugs and birds" is a fundamental environmental problem.

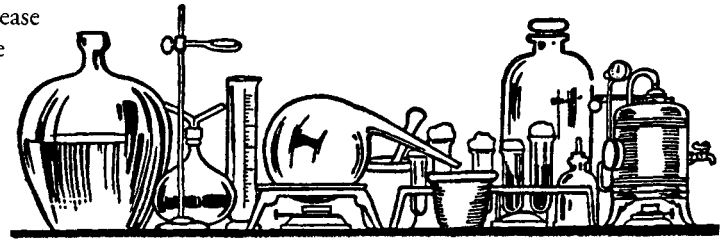
But environmentalists, argues Hudson Institute senior fellow Avery, should support rather than oppose high-yield farming. Increased agricultural productivity, he writes, does more good for the environment than harm.

As farmers increase their yields, they're able to produce the food people need on far less land. The tripling of U.S. corn yields since 1950 has enabled 148 million acres to be returned to wild land; India's tripling of its wheat harvest has freed up 138 million acres; and the doubling of the Chinese rice harvest has preserved 106 million acres. Overall, Avery estimates, high-yield farming has preserved 10 million square miles of habitat. When compared to the 75,000 square miles preserved by the Nature Conservancy, Avery contends, "high-yield farming is thus protecting 125 times as much wildlife habitat as the Nature Conservancy."

Farmers are able to improve their yields partly because of pesticide use. According to a Texas A & M University study, if pesticides were not used on American crops, "soybean yields would drop by 37 percent, wheat by 38 percent, cotton by 62 percent, [and] rice by 63 percent." "Most countries," Avery contends, "would not be able to sustain life for their populations without farm chemicals."

Risks caused by pesticides, Avery argues, are considerably overstated. Stomach cancer rates have declined 75 percent since the 1930s, even as pesticide use has risen. This is partly because pesticides kill cancer-causing molds and toxins, and partly because pesticides have made fruits and vegetables more affordable and palatable (nutritionists tell us eating several servings of fruits and vegetables may be the best way to fight cancer).

Instead of worrying unnecessarily about pesticides, Avery concludes, Americans should support global free trade in food, including an end to worldwide farm subsidies. "The only way to know who can achieve the lowest costs and greatest environmental safety," Avery concludes, is to let the world's farmers work "within a competitive framework—without government subsidies and trade barriers to lend artificial incentives."



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Pulse

Edited by Karlyn Bowman and Everett Carll Ladd
Data from the Roper Center for Public Opinion Research

Weak Polling on Weak Families

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From roughly 1960 to the early 1970s, the United States experienced sweeping attitudinal change on the interrelated social issues of pre-marital sex, divorce, and abortion. Attitudes "liberalized," and behavior changed across the board. Then, after this historically unprecedented run, the country settled in on a new attitudinal plateau where it remains today.

There are indications that the new norms during the 1960s are beginning to find greater resistance—though there is nothing like a return to old patterns. Unfortunately, we don't know how much rethinking may be occurring because much of the available data comes from survey questions that are flawed.

The chart on page 102 illustrates attitudes toward premarital sex since 1972, when the National Opinion Research Center first began asking about the subject. Those accepting sexual relations before marriage without reservation went from a minority to a plurality of 4 in 10 over a 20-year period. It's striking that 18- to 29-year-olds now render a verdict on premarital sex almost identical to the one delivered by the comparable age group two decades ago. They are the only cohort whose views aren't more "liberal."

Between 1965 and 1975, U.S. divorce rates soared. Since then rates have been basically flat. Unfortunately, the survey questions on divorce leave much to be desired. The National Opinion Research Center item on page 103, for example, asks whether divorce should be easier or more difficult to obtain. Buried within this seemingly innocent question are two different issues: whether as a matter of legal practice a divorce should be harder to get and whether as a matter of personal comportment divorce should be resorted to more or less frequently. The differences by age in response are noteworthy. In 1974, 18- to 29-year-olds said divorce should be easier to obtain by a margin of 48 to 33 percent. In 1994, however, this group broke the other way: 31 percent said it should be easier, 42 percent, more difficult.

Questions on single-parent families are often flawed because they incorporate two separate issues—what our goal should be with regard to family structure, and what we should make of cases where individuals face the reality of single-parenting. One may believe that two-parent families work better, while still being reluctant to criticize the efforts of single parents.

The question shown in the lower right of page 105 is flawed in a different way. It shows that a large majority of Americans believe that wherever possible, children should be raised by their biological parents. This includes the judgment that it is preferable they be raised by just one biological parent rather than be put to adoption. But that stark choice is hardly the most realistic way of posing the question, and it in no way deals with the large issue today: What should society's response be in instances where child rearing in a particular single-parent household is failing badly? The response should not be taken as an indication of the public's overall view of child-rearing performance in single-parent families.

In the 22 years since *Roe v. Wade,* nothing has transpired to lessen the intensity of the national division over abortion. What's striking—as the data on pages 107 and 108 show—is that the structure of opinion on the issue has changed little over the past two decades. According to all surveys, opinion has been entirely unchanged over the past five to ten years. The proportion favoring full legality of abortion exceeds that wanting it banned in all cases by roughly two to one; but individuals favoring some restrictions outnumber those calling for unrestrained choice by about two to one.

Our last two pages look at American attitudes toward Japan, now compared to 50 years ago. For all of the tensions in the relationship recently, American sentiment toward Japan remains positive. Perhaps the most striking finding here is how quickly Americans forgave the Japanese a half century ago (page 109).

—Everett Carll Ladd

In the 22 years since *Roe v. Wade,* nothing has transpired to lessen the intensity of the national division over abortion. The structure of opinion has changed little.

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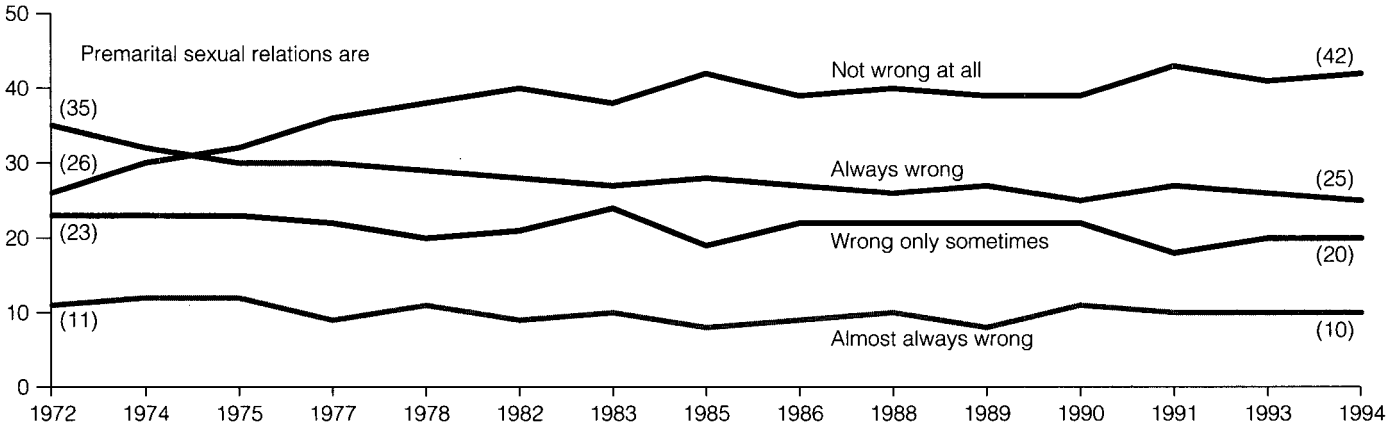
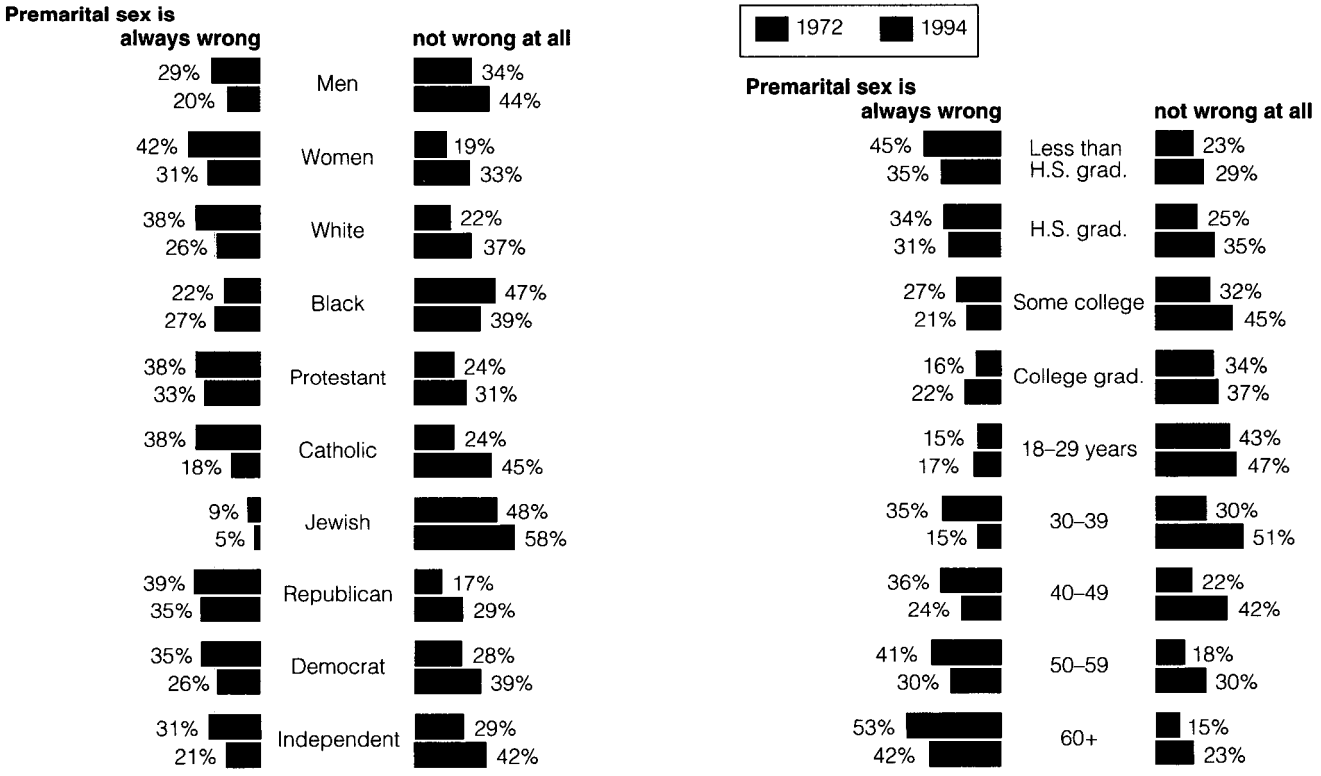
FAMILY ISSUES

The percentage of the U.S. population saying that premarital sexual relations are "not wrong at all" rose steadily from 1972 to 1982, but it has been stable since that time. Nearly all groups have moved in the direction of accepting sexual relations before marriage. Women are more likely than men to say premarital sex is always wrong, the old more than the young, and Protestants more than Catholics. Eighteen- to 29-year-olds have moved less over the last 22 years than other age groups.

Premarital Sex

Question: **There's been a lot of discussion about the way morals and attitudes about sex are changing in this country. If a man and woman have sex relations before marriage, do you think it is always wrong, almost always wrong, wrong only sometimes, or not wrong at all?**





Source: Survey by the National Opinion Research Center, latest that of January–May 1994.

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Premarital Sex/Divorce

Do we become more conservative on social issues as we get older? The data below show movement from youth to middle age. In 1972, less than a sixth of 18- to 29-year-olds thought that premarital sex was always wrong. Today that age group is 40 to 51 years old and they hold more conservative views on the subject. A similar evolution has taken place on the question of whether divorce should be more difficult to obtain, with more Americans favoring a tightening compared to 20 years ago.

How our views change as we age

In 1972,
15% of people 18–29 said premarital sex was always wrong
Today these people are 40–51 years and
25% say premarital sex is always wrong

In 1974,
33% of people 18–29 said divorce should be more difficult to obtain
Today these people are 38–49 and
47% say divorce should be more difficult to obtain

In 1972,
35% of people 30–39 said premarital sex was always wrong
Today these people are 52–61 years and
25% say premarital sex is always wrong

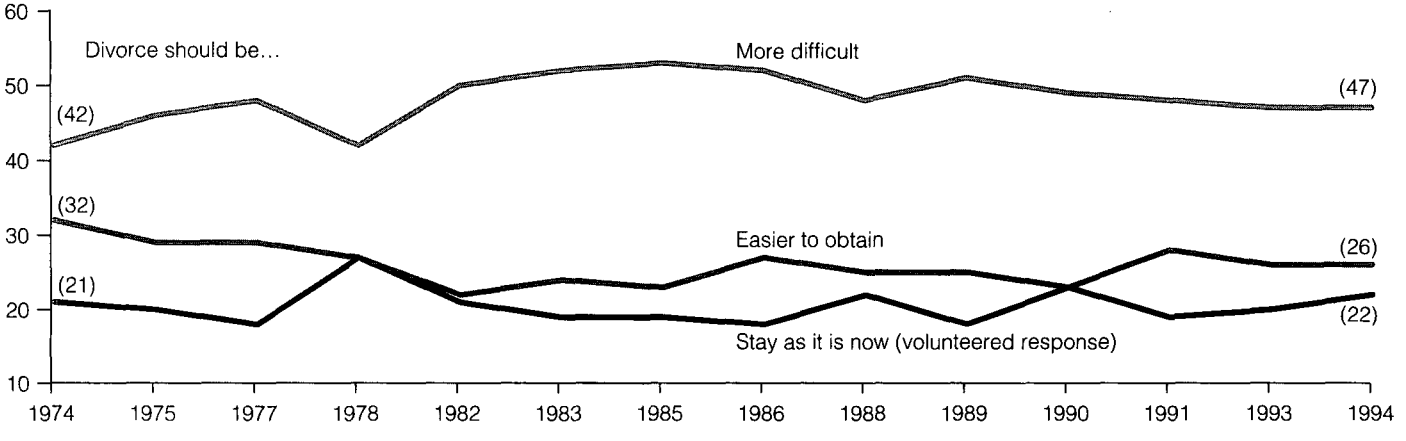
In 1974,
37% of people 30–39 said divorce should be more difficult to obtain
Today these people are 50–59 and
42% say divorce should be more difficult to obtain

In 1972,
36% of people 40–49 said premarital sex was always wrong
Today these people are 62–71 years and
37% say premarital sex is always wrong

In 1974,
42% of people 40–49 said divorce should be more difficult to obtain
Today these people are 60–69 and
53% say divorce should be more difficult to obtain

Divorce

Question: **Should divorce in this country be easier or more difficult to obtain than it is now?**



Source: Survey by the National Opinion Research Center, latest that of January–May 1994.

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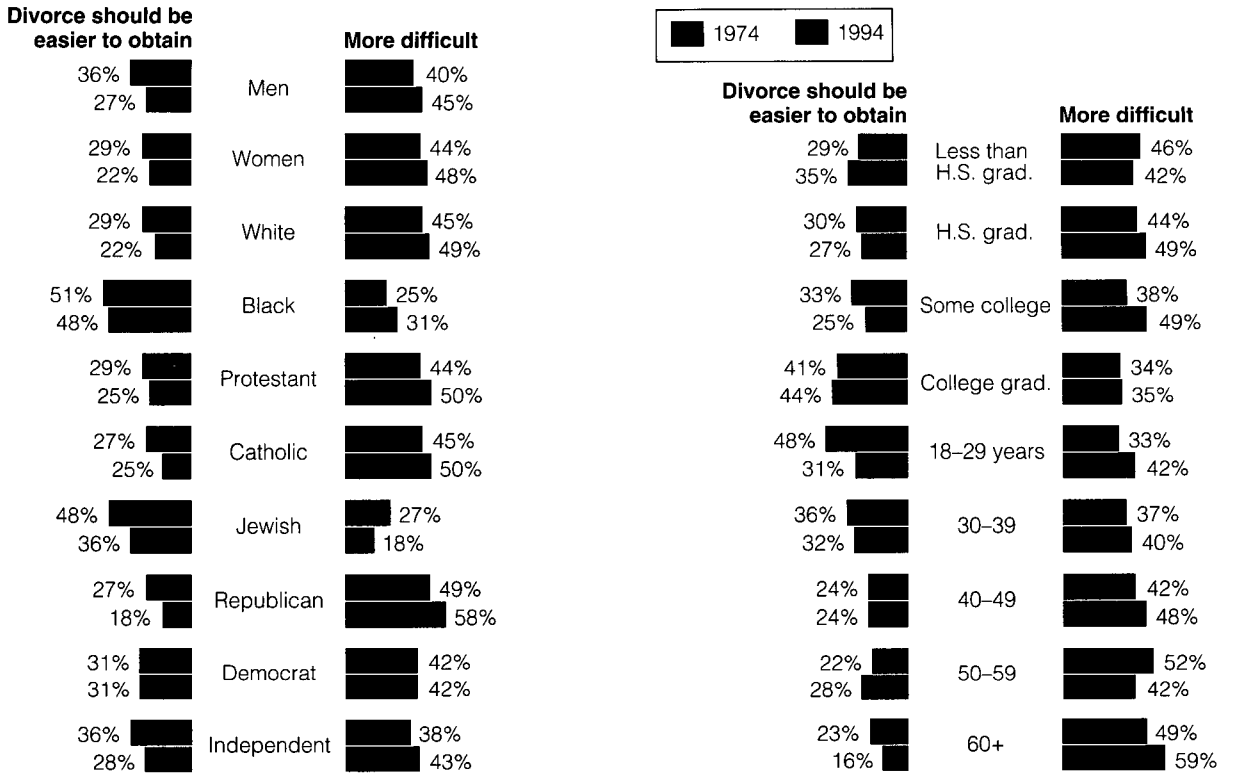
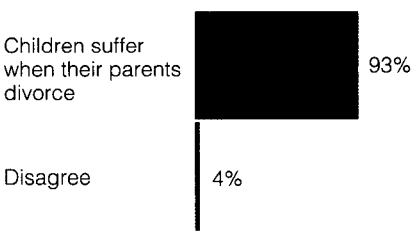
Divorce, continued

Young adults have moved substantially on this issue in the past 20 years. In 1974, 48 percent said divorce should be easier to obtain; only 31 percent gave that response in 1994. Protestants and Catholics look pretty much alike on the question today, with Jews being more liberal than either group. Republicans are more likely than Democrats and Independents to say divorce should be more difficult. More than 9 in 10 Americans believe that children suffer in divorce, yet majorities say that unhappy couples should not stay together even when they have children.



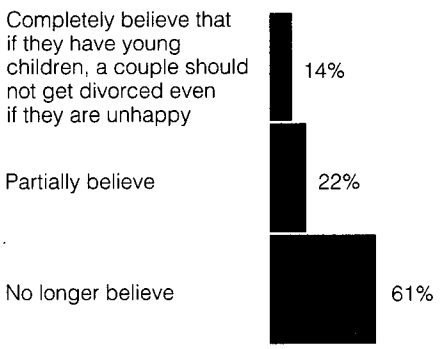
Note: In a May 1995 CBS News/ *New York Times* poll, young people 18 to 29 years old were more likely than any other age group to oppose divorce as a solution when "a marriage isn't working out." Still, 50 percent of this group favored divorce in this situation.

Question: **Now I'm going to read you a number of statements on social issues. For each of the following statement, please tell me whether you agree...**



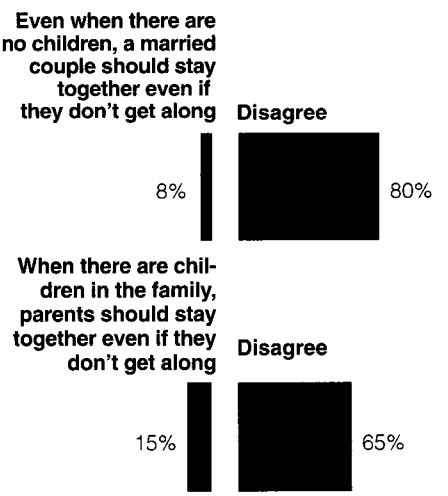
Note: Seventy-seven percent strongly agreed; 16% agreed somewhat.
Source: Survey by Voter/Consumer Research for the Family Research Council, September 1993.

Question: **I'm going to read you a list of rules people used to believe were important to families and family life, but which some people now feel are old-fashioned and out-of-date. Will you tell me for each one whether this is something you...**



Source: Survey by Yankelovich Clancy Shulman for *Time* and CNN, August 19–20, 1992.

Question: **Do you agree or disagree...?**



Note: Majorities of all age, income religious, ideological, and partisan groups disagreed with the propositions above.
Source: Survey by the National Opinion Research Center, January–May 1994.

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Single-parent Families

A strong plurality disagrees that one parent can bring up a child as well as two parents together, though there are significant differences among groups. Nearly 60 percent of men, for example, disagree, but only 42 percent of women do. There is still strong sentiment for keeping childbearing within marriage. The idea of out-of-wedlock childbirth is not acceptable to most, but once a single-parent family exists, people accept the situation. Seven in 10 say it is preferable for a child to be raised by its single mother rather than by an adoptive two-parent family.

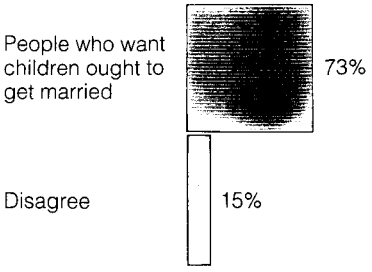
Question: **Do you agree or disagree...?**

One parent can bring up a child as well as two parents together

		Disagree
National	36%	49%
Men	25%	59
Women	43%	42
White	33%	51
Black	55%	35
Protestant	32%	54
Catholic	43%	48
Jewish	43%	48
Republican	27%	59
Democrat	41%	44
Independent	36%	46
Liberal	41%	41
Moderate	40%	45
Conservative	29%	59
< H.S. grad.	37%	51
H. S. grad.	40%	47
Some college	39%	46
College grad.	26%	56
Post-grad.	31%	54

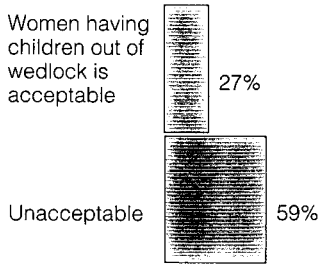
Source: Survey by the National Opinion Research Center, January–May 1994.

Question: **Do you agree or disagree...?**



Source: Survey by the National Opinion Research Center, January–May 1994.

Question: **Thinking more specifically please tell me whether you regard each of the following changes as acceptable or unacceptable or whether you feel indifferent about it.**



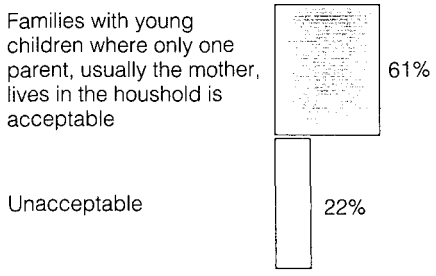
Source: Survey by Kane, Parsons and Associates for *Parents* magazine, April 28–May 15, 1989.

Question: **Please tell me whether you feel each of the following is...**

	To conceive a child out of wedlock is morally wrong	Is not
National	45%	47%
Men	49%	46%
Women	42%	49%
Democrat	46%	47%
Republican	55%	38%
Independent	36%	57%

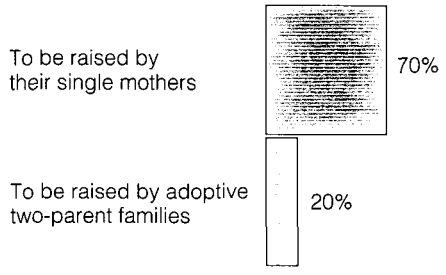
Source: Survey by Princeton Survey Research Associates for *Newsweek*, January 26–27, 1995.

Question: **Thinking more specifically, please tell me whether you regard each of the following changes as acceptable or unacceptable or whether you feel indifferent about it.**



Source: Survey by Kane, Parsons and Associates for *Parents* magazine, April 28–May 15, 1989.

Question: **When children are born to single mothers, is it preferable for them to be raised by their mothers or by adoptive two-parent families?**



Source: Survey by Princeton Survey Research Associates for *U.S. News and World Report*, 1995.

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Homosexual Unions

A solid majority does not believe that homosexuals should have equal rights to marry one another. The more education one has the more acceptable the idea is, but majorities in only two groups—18- to 29-year-olds and those with postgraduate education—give an OK to legality. Democrats are more accepting than Republicans but majorities of both disagree with the idea of legal homosexual marriage. Most groups don't think a homosexual can be a good role model for a child, and there is a strong opposition to adoption by homosexuals. Americans are less certain about how a custody battle involving a homosexual parent should be handled.

Question: **Do you think homosexuals should or should not have equal rights to marry one another?**

	Think homosexuals should have equal rights to marry one another	Should not have
National	39%	56%
Men	35%	60
Women	43%	52
White	38%	57
Black	35%	58
< H. S. grad.	31%	66
H.S. grad.	35%	60
Some college	42%	53
Coll. grad.	45%	49
Post-grad.	51%	39
Republican	30%	65
Democrat	41%	52
Independent	43%	52
18–29	56%	41
30–39	42%	53
40–49	41%	51
50–59	32%	62
60–69	20%	74
70+	21%	77

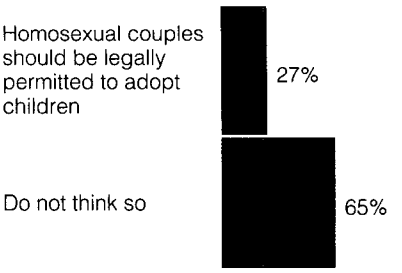
Source: Survey by ABC News/*Washington Post*, June 23–26, 1994.

Question: **Now I'd like to ask you some questions about homosexuals—or gays and lesbians as they are sometimes called. Do you think that...?**

	A homosexual can be a good role model for a child	Don't think so
National	27%	65%
Men	32%	63
Women	40%	51
White	39%	54
Black	23%	65
< H. S. grad.	20%	76
H.S. grad.	28%	63
Some college	42%	52
Coll. grad.	49%	42
Post-grad.	62%	32
Republican	28%	68
Democrat	38%	53
Independent	42%	50
18–29	43%	50
30–39	43%	51
40–49	46%	48
50–64	28%	61
65+	16%	78
Protestant	31%	63
Catholic	42%	51

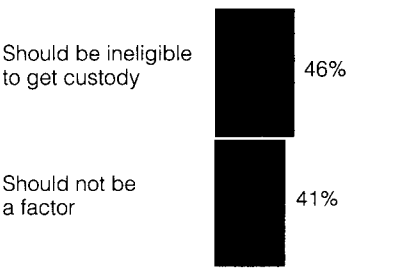
Source: Survey by Yankelovich Partners for *Time* and CNN, June 15–16, 1994.

Question: **Now I'd like to ask you some questions about homosexuals—or gays and lesbians as they are sometimes called. Do you think that...?**



Source: Survey by Yankelovich Partners for *Time* and CNN, June 15–16, 1994.

Question: **If one of the parents in a divorce case is a homosexual, do you think he or she should be ineligible to get custody of small children, or don't you think that should be a factor in the judge's decision?**



Source: Survey by Princeton Survey Research Associates for Troika Productions and Lifetime Television, March 21–24, 1991.

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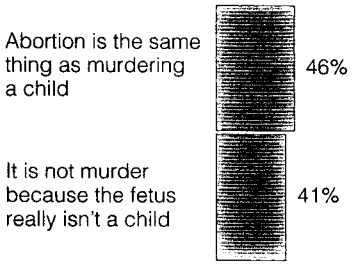
Abortion

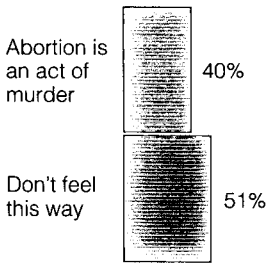
The data below show that many people believe abortion is murder. A majority say they personally believe having an abortion is morally wrong. Although questions such as the three shown at the bottom of this page find that only a small number say abortion should be banned, the idea that abortion should be legal in all circumstances has never found majority support. Most Americans are generally satisfied with Supreme Court decisions that keep abortion legal but allow restrictions to be put on its use.

Question: **Which of these statements comes closer to your opinion...?**



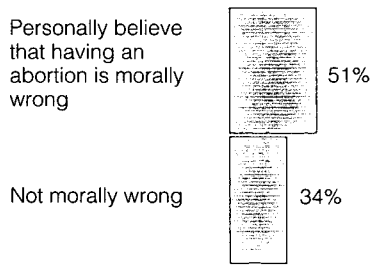
Source: Survey by CBS News/*New York Times*, January 1, 1995.

Question: **Some people say abortion is an act of murder, while other people disagree with this. What is your view...?**



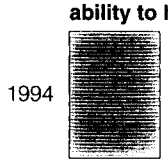
Source: Survey by Yankelovich Partners for *Time* and CNN, January 5, 1995.

Question: **Regardless of whether you think abortions should be legal or not, do you personally believe...?**



Source: Survey by the Gallup Organization for CNN and *USA TODAY*, February 24–26, 1995.

Question: **I would like to read several statements about some social issues facing America. For each issue, please tell me whether you...**



Source: Survey by Hart/Teeter Research Companies for NBC News and the *Wall Street Journal*, June 1994.

	Gallup			CBS/*New York Times*			Yankelovich Partners		
	Legal under any circumstances	Legal under certain circumstances	Illegal in all circumstances	Generally available	Stricter limits	Not permitted	Women's choice no matter what the reason	Legal in certain circumstances	Illegal in all circumstances
1975	21%	54%	22%						
1977	22	55	19						
1979	22	54	19						
1981	23	52	21						
1983	23	58	16						
1984									
1987								51%	12%
1989	29	51	17	40%	40%	18%	34%	50	9
1990	31	53	12	41	41	16	38	43	9
1991	32	50	17	41	40	15	43	44	10
	33	49	14				44		
1992	31	53	14	42	39	17		38	12
	34	48	13	43	37	16	49		
1993	32	51	13	42	36	20		37	11
							47		
1994	31	51	15	40	37	21		39	13
	33	52	13				45	39	12
							47	39	13
1995	33	50	15	40	37	21	46		
				38	37	23			
				43	38	18			
				38	40	20			

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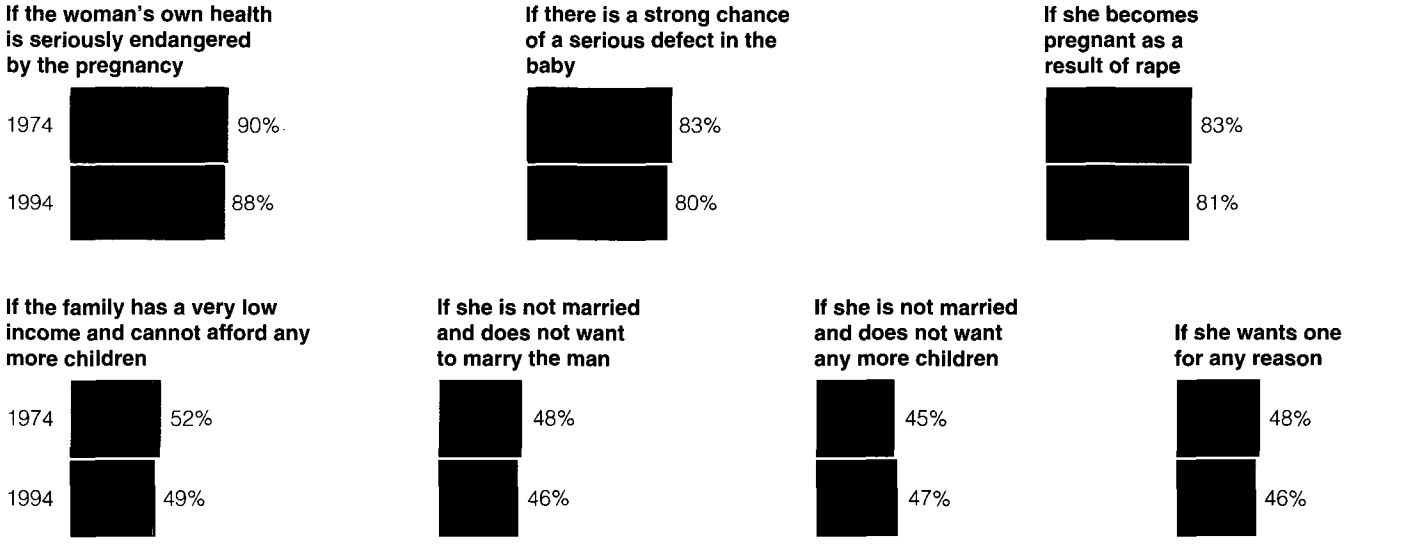
Abortion, continued

The stability of the responses to the seven abortion questions asked by the National Opinion Research Center over the last 20 years is impressive. People accept abortion when the circumstance of the pregnancy is beyond the woman's control (rape, the life of the mother, the possibility of a serious defect in the baby). In other situations they are much less supportive. In recent elections, around 10 percent of voters have told the exit pollsters that abortion mattered most to them in casting their vote. In presidential contests, these individuals have voted decisively Republican. That was true in many, but not all, Senate and gubernatorial races in 1994 where exit pollsters asked voters about abortion.

Question: **Please tell me whether or not you think it would be possible to obtain a legal abortion if...**

Should be possible to obtain a legal abortion...



Source: Survey by the National Opinion Research Center, latest that of January–May 1995.

Abortion As A Voting Issue

Recent presidential contests

	Percentage of voters who said abortion mattered most in casting their vote	How they voted			
1984	7%	71%	Reagan	28%	Mondale
1988	7	65%	Bush	35%	Dukakis
1992	12	55%	Bush	36%	Clinton

1994 Congressional Election

Contest	Percentage of voters who said abortion mattered most in casting their vote	How they voted
Arizona (sen.)	20%	45%R–51%D
Florida (gov.)	9	53R–47D
Maryland (gov.)	18	66R–34D
Minnesota (gov.)	8	58R–32D
Minnesota (sen.)	16	59R–36D
Missouri (sen.)	14	77R–21D
New Jersey (sen.)	9	37R–62D
New York (gov.)	9	28R–55D
Ohio (sen.)	17	57R–37D
Pennsylvania (gov.)	16	33R–29D
S. Carolina (gov.)	12	67R–26D
Tennesee (gov.)	11	73R–24D
Texas (gov.)	11	67R–33D
Virginia (sen.)	14	48R–45D
Wisconsin (sen.)	14	68R–31D

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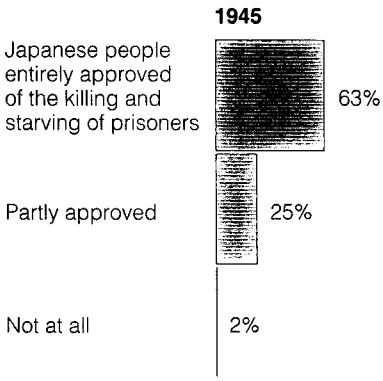
THE U.S. VIEWS JAPAN: THEN . . . AND NOW

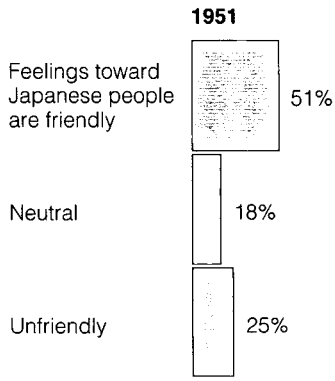
In 1945, most Americans viewed the Japanese people as cruel. Yet only six years later, a majority said their feelings toward the Japanese were friendly. The latest soundings show that nearly three-quarters feel generally friendly toward Japan. The number saying Japan is a dependable ally has risen since 1960, though about a third are still not convinced. Sixty years after dropping atomic bombs on Hiroshima and Nagasaki, respondents approve of the action and don't believe a formal apology is warranted.

Question: **To what extent do you think the Japanese people have approved of the killing and starving of prisoners...**



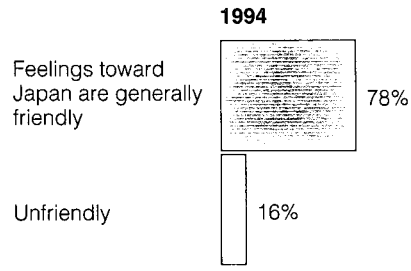
Source: Survey by the Gallup Organization, May 17–22, 1945.

Question: **It has been six years since the war with Japan ended. What would you say your feelings are toward the Japanese people at present?**



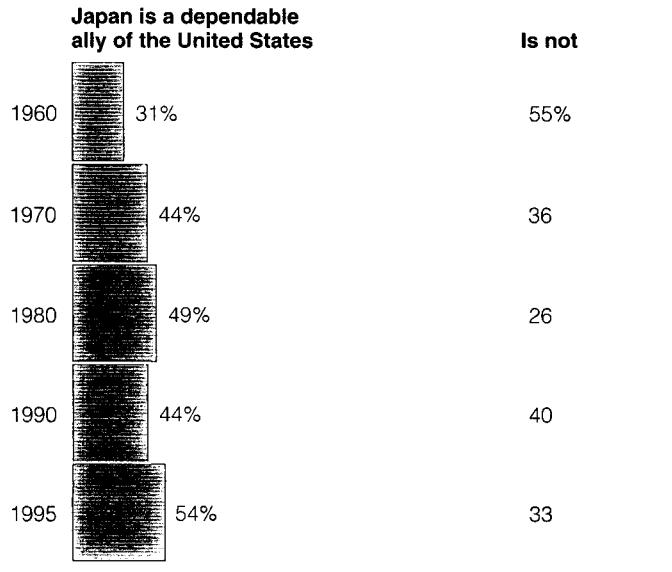
Source: Survey by the Gallup Organization, August 26–31, 1951.

Question: **Overall, are your feelings toward Japan generally friendly or generally unfriendly?**



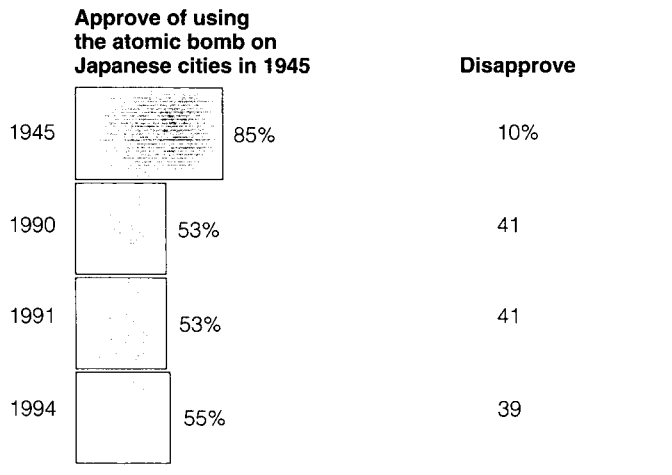
Source: Surveys by CBS News/*New York Times*, December 6–9, 1994.

Question: **In your opinion, do you think Japan is or is not a dependable ally of the United States?**



Source: Surveys by the Gallup Organization for the Japanese Information Center, latest that of February 24–March 21, 1995.

Question: **Do you approve or disapprove of using the new atomic bomb on Japanese cities? (1945) As you may know, the United States dropped atomic bombs on Hiroshima and Nagasaki in August 1945, near the end of World War II. Looking back, would you say you approve or disapprove of using the atomic bomb on Japanese cities in 1945?**



Source: Surveys by the Gallup Organization, latest that of December 6–9, 1994.

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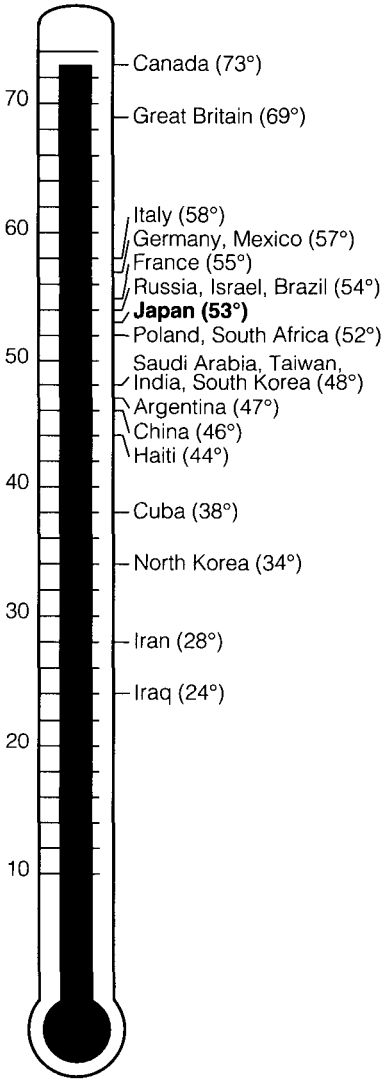
Japan, continued

Feelings toward Japan are not so positive as feelings toward our historic allies Canada and Great Britain, but they are warm nonetheless. Reinforcing this view is the fact that only 2 percent consider relations with Japan a big foreign policy problem. Over 8 in 10 Americans think we have a vital interest in Japan. In any relationship between powerful countries there are tensions, and with Japan these involve economic issues. We recognize our own problems, but we also think Japanese trade practices are unfair.

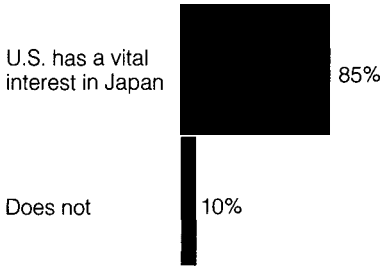
Question: **Next I'd like you to rate these countries on this feeling thermometer. If you feel neutral toward a country, give it a temperature of 50 degrees. If you have a warm feeling toward a country, give it a temperature higher than 50 degrees. If you have a cool feeling toward a country, give it a temperature lower than 50 degrees. First what temperature would you give...?**

Mean responses



Source: Survey by the Gallup Organization for the Chicago Council on Foreign Relations, October 7–25, 1994.

Question: **Many people believe that the United States has a vital interest in certain areas of the world and not in other areas. That is, certain countries of the world are important to the U.S. for political, economic, or security reasons. I am going to read a list of countries. For each, tell me whether you feel the U.S. does or does not have a vital interest in that country.**



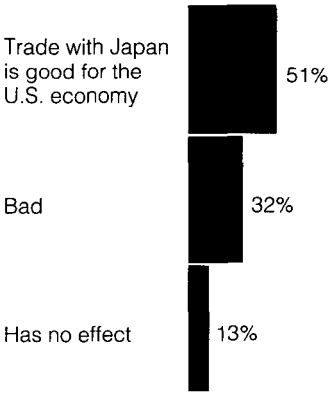
Note: More Americans thought that the United States had a vital interest in Japan than felt that way about the other 12 nations mentioned including Germany, Mexico, Canada, and Russia.

Source: Survey by the Gallup Organization for the Chicago Council on Foreign Relations, October 7–25, 1994.

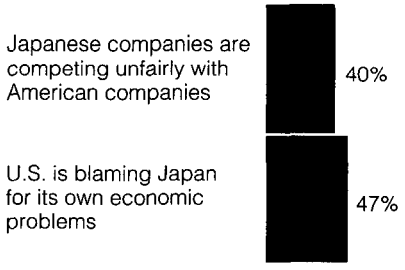
Question: **What do you feel are the two or three biggest foreign policy problems facing the United States today?**

Biggest foreign policy problems facing the United States today

Question: **On balance, do you think trade with Japan, both buying and selling products, is good for the United States' economy, or is it bad for the United States' economy, or does it have no effect?**



Question: **Which of the following statements comes closer to your opinion—Japanese companies are competing unfairly with American companies, or the United States is blaming Japan for its own economic problems?**



Note: In the Gallup/Chicago Council survey in 1994, 71% of the public, and 80% of the opinion leader sample said Japan practices unfair trade with the U.S.

Source: Survey by CBS News/*New York Times*, December 6–9, 1994.

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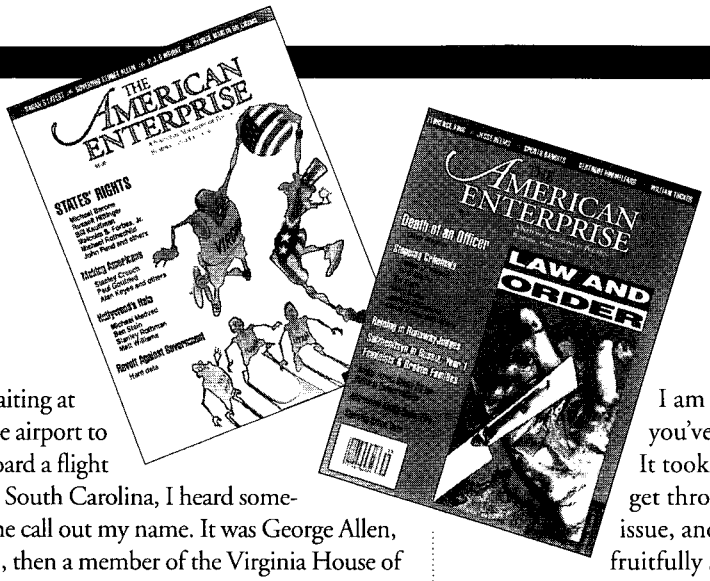
the Mail



I can't believe you offered 18 different solutions to crime and didn't include legalizing drugs. You may not agree with that prescription, but you were obviously willing to run conflicting arguments. The single biggest thing we could do to reduce crime in major cities is to repeal the drug laws that raise the price of drugs, force addicts into crime to support their habit, and create a lawless world among dealers.

However, other than this point, the latest unfortunate Hadley Arkes piece, and the tiny type in your magazine, you're doing a great job. And as one of your previous correspondents wrote, the most annoying thing is that one feels one should read it all.

David D. Boaz
Cato Institute

Editor's Note: We have eliminated our four-column layout and increased our type size.

I want you to know how much I liked the Law and Order issue of *TAE* (May/June).

While this issue included several excellent articles by law and policy experts, the best offerings were produced by your editors. "Crime and the Hypocrite" (BIRD'S EYE) defines an annoying double standard common among social idealists. It speaks for so many of us who have had to live or work in an inner-city environment.

Michael Rushford
Criminal Justice Legal Foundation

What a pleasant jolt I had when I picked up your May/June issue. "Crime and the Hypocrite" was excellent. The rest of the magazine stayed at the same fine level. Congratulations on such a successful improvement.

Richard W. Carlson
Corporation for Public Broadcasting

In 1988, I was a rookie TV reporter in Virginia up for a job in South Carolina. While waiting at the airport to board a flight to South Carolina, I heard someone call out my name. It was George Allen, Jr., then a member of the Virginia House of Delegates from Albemarle County.

When I told him I was headed to South Carolina, George burst out in excitement, "South Carolina? I love South Carolina! It was the home of John C. Calhoun! The most passionate proponent of the theory of nullification!"

I got the job, and have since covered politics in Tennessee and Wisconsin. Nowhere have I met a public servant more genuinely likable than George Allen, and certainly none more committed to returning "power to the people." Thanks for the excellent interview in the March/April issue.

Carm Anthony Aiello
Milwaukee, Wisconsin

Congratulations to SCAN (May/June) for slamming the doctrine of affirmative action, which carries preferential policies for minorities and racist quotas against white males.

What happened to merit as criterion? What happened to "Equal Justice Under Law"? During the civil rights struggle, intelligent black leaders like Thurgood Marshall, Roy Wilkins, and Martin Luther King quoted Justice John Marshall Harlan in his famous lone dissent in *Plessy v. Ferguson* (1896): "There is no caste here. Our Constitution is color-blind, and neither knows nor tolerates classes among citizens."

The Supreme Court should reverse its unconstitutional invasion of congressional legislative powers in regard to the Civil Rights Act of 1965 and recognize the concept of a "color-blind Constitution," restoring the law as Congress intended it to be.

Howard D. Greyber
Potomac, Maryland

I am amazed by what you've done with *TAE*. It took me hours to get through the latest issue, and it was time fruitfully spent.

I particularly like the IN REAL LIFE section, which strikes me as an inspired idea for a department. Katherine Dalton's piece on dysfunctional feminists was outstanding, as was Jeffrey Snyder's essay on crime. And it was great to see James Wilson's sensible gun control proposal get some of the attention it deserves.

Tucker Carlson
Washington, DC

Everett Carll Ladd has been one of my intellectual heroes for at least 20 years. His analyses and interpretations of popular voting behavior contributed greatly to my courses in recent American history.

The Jan/Feb OPINION PULSE, however, falls short of the usual high standards of Ladd and *TAE*. You note that "The GOP's fortunes in the Northeast have declined over the last quarter-century...particularly...in the Mid-Atlantic states."

However, if, as you report, Republicans represented 35 of 85 Mid-Atlantic congressional districts after the 1968 elections, and 33 of 66 after last November's balloting, the party's share of the region's seats increased from 41.7 to 50 percent during the 26-year span.

The foregoing not withstanding, Ladd continues to be an idol of mine, and *TAE* retains a spot as one of the favorite magazines of this liberal Democrat.

Thomas G. Ryan
The University of Northern Iowa

CORRECTION: In our LIVE interview with Senator Jesse Helms (May/June), we misidentified the *Raleigh News and Observer* as the *Charlotte News Observer*.

The American Enterprise welcomes your comments. Send to "The Mail," The American Enterprise, 1150 17th Street N.W., Washington, D.C. 20036. Or fax to (202) 862-7178. Or e-mail 75272,1226@compuserve.com. Please include your address and phone number. Published letters may be edited for length and clarity.

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Why Go On Missing the Magazine That Brings You Articles Like These?

- ***The Case for Global Activism*** by Robert Kagan
  The world we live in has been shaped – for the better– by the foreign policies of the United States. If we stop shaping it, disaster will sooner or later knock at our door.

- ***God and the Americans*** by Paul Johnson
  Religion played an indispensable role in our country's founding and subsequent political self-definition. Now, more than ever, it is essential for the preservation of our moral character as a free people.

- ***The Peace Process So Far***
  by Norman Podhoretz
  The so-called "peace process" is leading to ever more terrorism, an unstable Palestinian state stretching from the Iraqi border to just outside Tel Aviv, a weakened Israel, and another war in the Middle East. Pray it doesn't happen.

- ***What the Sex Educators Teach*** by Dana Mack
  They teach the pleasures of "self-pleasuring" (to grade-school children) and all the erotic possibilities of sex. Maybe even some possibilities that parents don't know about. But there's rarely a word about love, intimacy, or long-term commitment.

- ***Thinking (Again) About Crime***
  by James Q. Wilson
  Despite what the experts say, there are better ways to prevent crime, police the streets, and punish criminals.

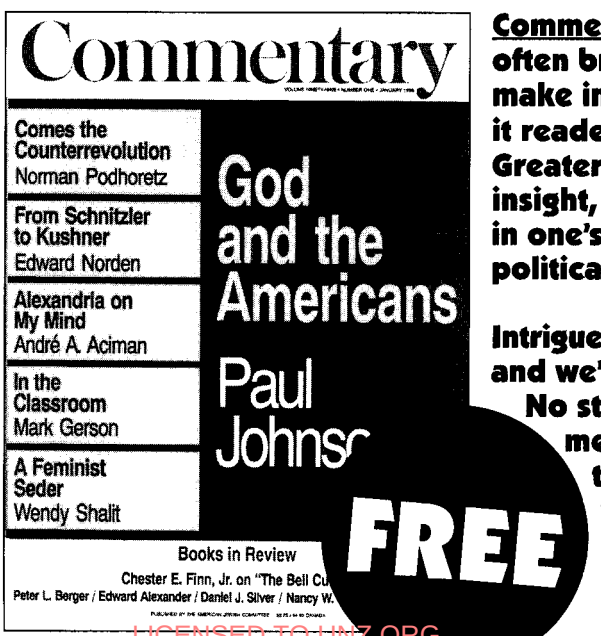
- ***What To Do About the Arts***
  by Joseph Epstein
  The National Endowment for the Arts has spread mediocrity across the land. We would be better off without it.

- ***A Jewish Contract With America***
  by Jack Wertheimer
  In declaring war on the new Republican majority, Jewish community-relations agencies are endangering Jewish community relations.

- ***Agents of Influence*** by David Pryce-Jones
  Some Western journalists, it turns out, have been working for the KGB, and getting away with the intellectual equivalent of murder.

- ***"The Bell Curve" and Its Critics*** by Charles Murray
  Is IQ destiny? A controversial social scientist defends his research from critics who fear the truth and want to squelch debate.

- ***Immigration and Its Discontents***
  by Linda Chavez
  The furor over immigrants is a symptom of our fractured national identity. We should change our policies, but we should also worry less about race and ethnicity and more about our common culture.



Commentary is accessible, and often brilliant, although it does make intellectual demands on it readers. The rewards? Greater awareness, more insight, and heightened clarity in one's own moral and political thinking.

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